Daily Report

Latin America

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Inter-American Affairs: Panama Official on 'Successful' OAS

PA0706192496 Panama City EL UNIVERSAL DE PANAMA in Spanish 7 Jun 96 p A13

[Report by Javier Collins]

[FBIS Translated Text] On the eve of the closure of the 26th OAS General Assembly, [Panamanian] Acting Foreign Minister Ricardo Alberto Arias said that the meeting has been successful because the organization has emerged more capable of facing the challenges of regional integration.

Arias added that the OAS will also be able to face the challenges of promoting social development and eradicating poverty, which are future problems the hemisphere will have to confront. Arias said that the debates on these topics made it possible to reaffirm those goals and establish guidelines toward the new paths to be followed in the next few years.

Arias stressed that the OAS General Assembly was a success for both Panama and the OAS. He rejected reports in the sense that the controversy over the Helms-Burton law tarnished the OAS debates. He said that on the contrary, it strengthened the organization, which has shown maturity and has proven its capacity to discuss matters on which there is no consensus. In order to be effective, this organization cannot work on the basis of unanimous criteria. Therefore, the resolution against the Helms-Burton law far from weakened it, it strengthened it, he stressed.

He noted that the meeting allowed Panama to "show the foreign ministers of the hemisphere that we are assuming the transition of the Panama Canal with seriousness and responsibility."

The OAS approved two resolutions on the Panama Canal, stressing the importance of the waterway for world trade and navigation and stating that it will support Panama's efforts to modernize it. In that regard, the foreign ministers expressed their support to Panama's efforts to modernize the Panama Canal so that it will meet the needs for maritime transportation and world trade.

The plenum of the OAS General Assembly also agreed to support the Panamanian government's initiative to hold the Universal Congress on the Panama Canal in September of 1997.

The foreign ministers also called for strengthening regional cooperation to promote more effective actions in the area of tourism and incorporate them in national development plans. Those policies will become useful tools for economic growth.

The document endorses the creation of an Intersectorial Tourism Unit under the OAS Secretariat General. The objective of this department will be to achieve institutional development, strengthen policies, promote technical cooperation, and develop foreign relations.

According to OAS statistics, tourism represents approximately 10.9 percent of the world's GDP and generates approximately $95.2 billion in the region, which makes of this hemisphere the second-largest tourist area in the world.

Within the region, North America generates approximately $71.4 billion from tourism; the Caribbean, $12.4 million; South America, $9.8 billion; and Central America, including Panama, $1.5 million.

The document that was approved by the foreign ministers stresses that tourism constitutes an important factor in the process of economic development, and consequently, in economic growth.

The OAS recognized the importance of tourism in the economies and its value in promoting understanding among the people on the continent.

Inter-American Affairs: Rights Debate at OAS 'Frustrated'

PA0706212796 Panama City LA PRENSA in Spanish 7 Jun 96 p 1A

[Report by Rolando Rodriguez]

[FBIS Translated Text] The report of the Inter-American Human Rights Committee [CIDH], which is one of the most anticipated OAS reports, has frustrated some human rights organizations because, contrary to the usual practice in recent years, the human rights situation was not examined in each individual country.

The CIDH submitted a general report, stressing that 780 cases are being processed, 726 of which involve alleged violations of the human rights to life and personal safety.

Meanwhile, the foreign ministers from this continent urged those countries from this hemisphere that have not signed the Inter-American Convention on Human Rights to do so, to comply with it, and to consider accepting the mandatory jurisdiction of the Inter-American Human Rights Court.

The OAS General Assembly's Committee for Legal and Political Affairs, which had presented a resolution for the foreign ministers' approval, also urged member countries to increase their budget for the CIDH because of the high number of cases that are filed at the CIDH.

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In its annual report, the CIDH indicated that between 21 January 1995 and 20 January 1996 140 new cases were filed for alleged violations of human rights.

In the opinion of CIDH President Claudio Grossman, the increasing number of cases that are filed shows that the countries in this hemisphere live in open democracies where there is no longer fear to make charges of alleged violations of human rights.

However, he made it clear that the cases that are brought to the CIDH's attention are now "more sophisticated and deserve a more thorough examination."

Peru and the United States expressed regrets because the CIDH's annual report had excluded reports for each individual country as it has done in the past. Furthermore, Peru regretted that the resolution that was presented to the OAS Assembly General did not contain a paragraph against terrorism.

Beatriz Ramacciotti, Peruvian ambassador to the OAS, said: "We do not believe that the resolution should remain silent; we believe that there should have been a paragraph openly rejecting terrorism."

Amnesty International, a pro-human rights nongovernment organization that participates as "special guest" in the 26th OAS General Assembly, also regretted that the CIDH had not included a report on the human rights situation in each of these countries.

In a press release, Amnesty International stressed that the scrutiny of the human rights situation in the countries of the region cannot be ignored, in spite of the fact that democratic government systems exist in most of the states.

The organization reiterated its call to the American states to ratify or adhere to the Inter-American Convention on the Forceful Disappearance of Persons, adopted by the 26th General Assembly.

Of the 13 countries that signed the instrument when it was adopted, currently only four states have ratified the Convention: Argentina, Costa Rica, Panama, and Uruguay.

A resolution from the Commission tasked the OAS Permanent Council with conducting an evaluation of the functioning of the Inter-American system for the promotion and protection of human rights, so as to begin a process to perfect the same.

The commitment of the OAS is to adopt the measures to fight all sorts of discrimination and violence and to promote the fundamental rights of persons; to promote full respect for all social and ethnic groups, as well as to encourage the active participation of women, Indians, and disadvantaged groups.

Inter-American Affairs: Nicaraguan FM on Helms-Burton Law

PA0706231596 Managua Nicavision Canal Doce Television Network in Spanish 0400 GMT 7 Jun 95

[Report by Oliver Bodan; from the "Extravision" newscast]

[FBIS Translated Text] According to Foreign Minister Ernesto Leal, Nicaragua today decided to condemn the Helms-Burton law.

Nicaragua signed the OAS resolution that requested the Inter-American Juridical Committee to issue an opinion with respect to the legality of the controversial Helms-Burton law.

[Begin recording] [Leal] Once the Inter-American Juridical Committee issues its opinion, well, obviously we will have to adopt whatever decision may be required. However, it is important to point out that every country has already expressed its position with respect to this issue. On other occasions we have also had the opportunity to express our position indicating that we were unable to accept a law that violates principles of international law.

[Unidentified reporter] [words indistinct]

[Leal] No. For your information Nicaragua ...[pauses] There are 34 members countries of the OAS. One country, the Commonwealth of Dominica, was unable to attend the meeting, and 32 of the remaining 33 countries signed the resolution that was finally approved by the OAS. [end recording]

Foreign Minister Leal denied assertions related to Nicaragua refraining from voting in favor of the resolution and said that the resolution had already been signed.

[Begin Leal recording] We all agreed that there was no need for such a resolution to be subject to a vote. There have been reports related to a vote being taken, but this was something totally unrelated. There was no need for a vote since 32 countries, out of 33 present at the time, had agreed to sign the resolution. [end recording]

According to Leal, the measure will not cause any diplomatic conflicts between Nicaragua and the United States.

[Begin Leal recording] We do not believe this will be the case. The U.S. ambassador to the OAS even stated afterward during a news conference that the United States has no intention of withdrawing from the organization. [end recording]

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The Helms-Burton law toughens the economic sanctions against Cuba and mostly affects countries such as Mexico, Canada, and Spain that have invested heavily in the island.

Inter-American Affairs: OAS General Assembly Closes

PA0706192096 Panama City Telemetro Television Network in Spanish 1730 GMT 7 Jun 96

[Live report by Mirna Ortega from Atlapa Convention Center; from the "Telemetro Reports" newscast]

[FBIS Translated Text] A few minutes ago Acting Foreign Minister Ricardo Alberto Arias formally closed this 26th OAS General Assembly, which among other topics discussed corruption, drug trafficking, money laundering, as well as the controversial Helms-Burton law. Latin American countries expressed their partial rejection to the Helms-Burton law.

We can also report that shortly, the acting foreign minister will hold a news conference with national and international reporters on different issues. We will be carrying this news conference live.

Among other things, the OAS General Assembly issued the Panama Declaration. This document approved strengthening democracy and keeping democracy as a fundamental regime of the new Americas, which are being built at the OAS level.

Some of the participating foreign ministers are still in our country. However, most foreign ministers have returned to their countries of origin.

OAS Secretary General Cesar Gaviria was not present at the event's closing, because he was forced to travel to his country.

Very soon, the foreign minister will be here with the press to provide details on the events surrounding this closing session of the 26th OAS General Assembly.

Inter-American Affairs: OAS Heads Hold News Conference

PA0706230396 Panama City Sistema de Television Educativa in Spanish 1803 GMT 7 Jun 96

[News conference by OAS Assistant Secretary General Christopher Thomas and acting Panamanian Foreign Minister Ricardo Alberto Arias at the Atlapa Convention Center in Panama City with national and international reporters; broadcast in progress — live relay]

[FBIS Translated Text] [Thomas] ...for the hemispheric enterprise. The cornerstone was laid 170 years ago and the foundations for this building of the Americas were laid last week. In this sense, Panama's contribution constitutes an unerring testimony to the fundamental role that the country has played in this hemispheric family of nations.

Mr. Foreign Minister: In the name of Secretary General Cesar Gaviria and my own, I want to thank the Panamanian people and government for the excellent organization that so greatly contributed to the success of this assembly.

On writing the final chapters of this century, the OAS can feel justifiably proud of its contribution to the political, economic, and social well-being of the peoples in this hemisphere. It has been proven that our organization has contributed to toppling the walls that have divided the region, such as geographic and language barriers, cultural idiosyncrasies, and national chauvinism. History also testifies that our organization has firmly met the challenges that stood in the way of the efforts of all our countries, such as drug abuse, environmental degradation, and critical poverty.

On starting the activities of the Inter-American Council for Overall Development (CIDI), we have definitely set the groundwork for developing the institutions that will make it possible for us to jointly face the problem of critical poverty in our hemisphere. We have made a commitment to share our forces by minimizing our weaknesses. We depart from Panama as brothers, partners, and forgers of our own future.

We are satisfied that in this Assembly we have received the necessary mandates to start building new cooperation mechanisms. Although our previous experience will be of inestimable value, we are fully aware of the need to incorporate new ideas and methodologies to fully comply with our mandate. We thank the member states for having shared with us the responsiblity of restructuring the Secretariat General, making it more fit to meet the new demands. Thank you.

[Moderator] Thanks, Mr. Ambassador. Mr. Minister?

[Arias] Good afternoon. At the conclusion of this important event, the 26th OAS General Assembly, I want first of all to thank the Permanent Council and the General Secretariat for having enthusiastically agreed to the celebration of this assembly in Panama.

I think that the OAS has come out of this meeting stronger and that it has served Panama to inform the hemisphere about the measures and steps being taken to responsibly assume the administration of the Canal at the end of the century.

I think it is important that we look at this endeavor of the Panamanians, which will affect our future for many decades, with the seriousness that the case demands. It

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is also important that we inform the world about what we are doing. This effort will secure for us the trust of the international community and let this community know what Panama needs to have the development level necessary to improve the social, cultural, and economic level of our people to eliminate especially the still significant tiers of poverty that burden us.

I also want to publicly acknowledge, on behalf of the national government and myself, the work accomplished by Panamanian Ambassador Chewning Fabrega, who as a result of a happy coincidence, unique in the history of this organization, happened to be the ambassador whose turn it was to preside over the Permanent Council at this session. Without the hard, honest, and efficient work of Ambassador Fabrega, this event not only would not have been a success, it would not have been possible.

We Panamanians are in debt to him.

Having said that, I open up this meeting to any questions journalists may want to ask. I do not know if Ambassador Lawrence Chewning Fabrega wants to make a statement. No, then, we will begin the question-answer session. Mr. Cupas.

[Moderator] Pardon me. We would like to ask you to come to the microphone, identify your media, and please give us your name.

[Cupas] The General Assembly voted in favor of the resolution, in which the OAS Inter-American Juridical Committee is asked to examine the legal nature of the Helms-Burton law. It has been reported that they will submit their report in August. What I wanted to know is, to whom are they going to submit their report and when and who are going to make the decisions on the committee's study? I am Tomas Cupas of UPI.

[Arias] I understand the report will be submitted to the Permanent Council of the OAS, and I understand that the Inter-American Juridical Committee will meet in August, but the report will not necessarily be issued on that date. They are the ones who will determine the date depending on their own operational system.

[Gonzalez] Mr. Foreign Minister, as for what Mr. Cupas asked you...

[Moderator, interrupting] Pardon me, could you please identify your media and could you please give us your name?

[Gonzalez] Ilka Gonzalez of Circuito RPC Television. As for the Helms-Burton law, if this OAS Inter-American Juridical Committee deems the Helms-Burton law violates international law, what actions could the OAS take? What statements would the OAS make?

[Arias] We must make it clear that the decisions of the OAS or the opinion of the Inter-American Juridical Committee in no way adversely affects the internal processes of any country; however, these opinions are not only considered political in nature by the governments of the various countries, but also serve to set international guidelines and help other organizations, at a similar level as the OAS or as the Inter-American Juridical Committee, to take note of this opinion. It is more of a diplomatic or political pressure than a mechanism to influence the internal processes of a country.

[Cardenas] Henry Cardenas of Radio Ancon. I would like to know when the results of everything that was approved here will be seen.

[Arias] This assembly, just as the other assemblies, is part of a process. Things do not end here. They are simply emphasized, guidelines are set, and procedures are established. The results will be seen when the process moves forward, certain things first, certain things later. Today we have a different OAS than the OAS we had a few years ago. I believe this new outlook of the OAS is more inclined to review, to analyze, and to influence the democratization processes in the hemisphere. The social development processes and the processes having to do with the elimination of poverty will be strengthened in this meeting. Changes are already being made, and a greater emphasis on these changes will be seen following this meeting.

[Zamora] Alfonso Zamora of DPA. I have a question for the foreign minister. Why do you say the OAS is strengthened? Could you give us a definition of the role the OAS should play in the next century?

[Arias] I believe it has been strengthened for two reasons. It will be an organization with a greater capability of facing the challenges we will see in the future. The times of border conflicts among Latin American countries have gone by. These have at least been reduced. The times of internal conflict and fratricidal wars have gone by. We are now entering a process in which we have to strengthen democracy, eliminate corruption, bring drug trafficking under control, and promote social investment. I believe the OAS will be leaving Panama as a stronger organization, especially in its ability to carry out these duties.

I also believe it will be leaving Panama as a stronger organization because of the internal debate that has been conducted on subjects on which not all countries agreed. These international organizations, when they are born, are simply a sum of their various members. For a long period in its history, decisions had to be adopted by consensus. Once this stage is overcome, the organization

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stops being the sum of its members and becomes its own entity with its own life. I believe that has happened to the OAS in this meeting.

[Zamora] Its role in the future?

[Arias] The future role of the organization will be aimed at promoting the region's economic development and integration, always keeping in mind that economic integration is not the end. The end is the social development of the people and the elimination of poverty. We understand that economic integration and development can help us accomplish these objectives more effectively. The objective is the improvement of the conditions of human beings.

[Andre Igologov, from ITAR-TASS] Good afternoon. I have a question for the assistant secretary. Mr. Thomas, among all resolutions and decisions that have been approved here, which one do you believe is the most important one and why?

[Thomas] It would be very difficult to state that a resolution is the most important one. This is why I rather say — as the foreign minister just said — that we are in the middle of a process, a phase of development. He has already consolidated, in our opinion, democracy as a form of political culture, and we are fully immersed in a development process based on this. We want to consolidate what can be said and draft a social agenda. In this regard, the issue of poverty, the issue of a sustained environment, and human rights are essential issues, as well as, above all, the integration of our two technical councils to fight poverty and seek the manner in which to move forward with social development.

[David Serrano, from Radio Ancon Panama] This question is for the assistant secretary or Panamanian Foreign Minister Arias. Could we interpret that the resolution rejecting the Helms-Burton law rendered the other issues that were broached in this meeting insignificant?

[Thomas] No, I do not think so. I believe that this is the opinion of some members, most members, to seek the manner in which to verify the implications of the law. This is one of the things on which the OAS and its members are going to closely follow up. This does not mean that any other significant issue for the OAS was rendered insignificant.

[Arias] Let me make a comment on this issue. Because it was a new issue, because it was an issue that was not subjected to previous work from various committees, there is the impression that a great deal of time was spent on the issue. The truth is that the other issues that were broached, that were discussed by this assembly had been worked on and talked about for months in order to reach concerted ideas. Deep down, a greater amount of time and effort was devoted to these other issues than what was devoted to the Helms-Burton law or to the resolution concerning the Helms-Burton law.

Because this latter issue was a new issue that had not been worked on before, it gave the impression that it required more time than the others.

[Moderator] Are there other questions? Are there any other questions?

[Esteban Huertas from LA ESTRELLA DE PANAMA and Germany's DER SPIEGEL] Good afternoon, assistant secretary and Mr. Foreign Minister. How do you appraise the countries' starring role against the Helms-Burton law?

[Arias] Look, I think that there is a perception, a widespread feeling on the continent, that this law adversely affects other states' domestic issues and decisions. In addition, there is a feeling that the law adversely affects the trade and economic integration process we are currently developing. In this regard, there has been a widespread reaction in the hemisphere and in other regions of the world — to be specific, in Europe — to the decision the U.S. Government made to enact this law. I want to explain that none of the delegates — at least the ones to whom I talked — believe that this law in any manner diminishes the objective various countries and the OAS have previously voiced to make efforts to examine or make public their opinions or their wishes about the fact that Cuba could have in the near future a democratic system similar to the ones the rest of the countries of the hemisphere have.

This does not adversely affect the also widespread opinion about the protection and defense of human rights in all the corners of our hemisphere.

[Moderator] Thank you.

[Arias] Thank you all.

Inter-American Affairs: Rejection of U.S. Law 'Prominent'

PA0906193296 Havana PRENSA LATINA in Spanish 1551 GMT 8 Jun 96

[FBIS Translated Text] Havana, 8 Jun (PL) — The rejection of the Helms-Burton law by the 26th OAS General Assembly proved to be the most prominent news item this week, not only in Cuba, but throughout Latin America and the Caribbean as well.

On Tuesday, 4 June, 32 of the 34 OAS member countries endorsed a document submitted by the Rio Group and Canada asking the Inter-American Juridical Committee whether or not the Helms-Burton law, which

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seeks to tighten the U.S. embargo against Cuba, violates international law.

Only the United States opposed the proposal and did so angrily. Dominica, which did not participate in this Assembly session, later endorsed the document in a telegram.

News agencies and other media pointed out that this was an "unprecedented rebellion." Others described the resolution as historic or said that Washington was dealt an "ominous diplomatic blow."

Foreign ministers and other representatives of Latin American governments also defended the position of the 26th Assembly, held in the capital of Panama, a country that was invaded by the United States in December 1989.

The repercussions of this decision in Cuba was not late in coming. Cuban Foreign Minister Roberto Robaina said the resolution should not be regarded as favorable to Cuba but as a rejection of an imperial legislation that runs contrary to the world.

Robaina said: "This shows that people are less and less willing to tolerate being told what they can and cannot do. It also shows the peoples' determination and desire to be more free and independent."

Robaina described the document as an unprecedented reaction in a scenario like OAS and said that the countries of the continent reacted like this "when they saw their sovereignty, independence, as well as international law and trade standards, were being violated."

"This time, it was up to the world to react, because Cuba has been reacting against the U.S. embargo for 36 years," he said.

Robaina clarified, however, that this does not mean Cuba will have to ask for reconsideration of its eventual reincorporation into OAS, "from which we were expelled for unfair reasons that we never accepted."

"Today's OAS is not the same as the OAS from which we were expelled years ago. We also believe, however, that today's OAS is still not the organization that our people of America require," he continued.

In addition, the official newspaper GRANMA pointed out that the former disputes between Cuba and the OAS and the present ones — well known — do not prevent the admission that those in attendance behaved with dignity and courageou

"The national interests of this region, which must still struggle so much to solve its many and urgent problems, were not sold or forgotten on Tuesday, but put where they should always be," GRANMA said.

Robaina recalled that the document proves that, for the first time, an OAS resolution "was not cooked in Washington," but agreed upon in a Latin American environment.

"It is now very clear who is isolated and who has failed in its policy of embargo, terrorism, and irrationality," he also said.

GRANMA said that this document constitutes "a symbol of the extent to which Washington, with the Helms-Burton law and influenced by a group of criminals who have sought refuge in Miami, committed a blunder that has markedly affected its international prestige."

The paper continued: "With the OAS vote, it can already be said that the majority of the most prominent international forums disapprove "this attempt at savage hegemony instigated by the worst members of the U.S. political circles."

GRANMA continues: "The world's rejection of the extraterritorial nature of this law is one of the most resounding diplomatic mishaps that the U.S. Government has experienced in the 20th century."

This is the OAS' first great challenge for those who have led it by the hand for more than 48 years, the paper said.

As for the U.S. reaction, saying that the resolution meddles in U.S. internal affairs, Robaina said it can be described as absurd, ridiculous, and hysterical.

"The U.S. Government's hysteria and arrogance again prove that Cuba and the people of the continent are right," he said.

Robaina described as absurd — a joke — and an offense the fact that those who for more than a century have been "threatening and trampling our people underfoot describe as diplomatic cowardice the gesture of those who have been courageous enough to challenge them."

"There is no doubt. The empire's absolute power and arrogance also have a limit and the people of America have drawn this limit," Robaina said.

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Cuba

Cuba: Robaina Views Effects of Helms-Burton Law

PA0706202796 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 96

[Report by Gisela Bel Heredia; from the "National Radio News"]

[FBIS Translated Text] The Helms-Burton law may make our lives more difficult, but not impossible, Foreign Minister Roberto Robaina remarked, following an evaluation of the economic recovery being felt by the Cuban people.

[Begin Robaina recording] The Helms-Burton law has nothing good for us. The only positive thing the Helms-Burton law has is that it has given the rest of the world a first-hand look at what the United States has been trying to do to Cuba for over 37 years. Today, humanity has first-hand knowledge of the reasons Cuba has resisted the blockade, aggression, and laws similar to the Helms-Burton law, for over 35 years, which at other times [words indistinct]. [end recording]

In addition, Robaina emphasized that our nation's position has implied a great deal of strength.

[Begin Robaina recording] We have resisted the blockade for two reasons: First, because of the people that we have, and second, because of the number of friends who, whether they share our ideological view or not, respect those who think for themselves. This has maintained our power to resist. [end recording]

Robaina made these comments during a meeting with Carlos Carvala, the secretary general of the Communist Party of Portugal.

Cuba: Robaina Comments on OAS Resolution, U.S. Reaction

PA0806042696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 8 Jun 96

["Exclusive" interview with Foreign Relations Minister Roberto Robaina by unidentified reporter; place and date not given; from the "NTV" newscast — live or recorded]

[FBIS Translated Text] [Reporter] Mr. Foreign Minister, what is your opinion about the resolution on the Helms-Burton law the OAS approved?

[Robaina] It is an approval that has undoubtedly triggered a large number of interesting opinions in the hemisphere and the world. I would say that we could point out, as was once pointed out before, that, following this battle, the American peoples are freer.

This has a precedent in the fact that — perhaps for the first time in many years, especially in the last few years — the peoples of America got together to question and, as we say in Cuba, to some extent corner the nation that has indeed become the first violator of the rights and sovereignties of our peoples.

I believe that we would have to see this not just as a resolution favoring Cuba. It is my opinion that it has been a resolution against a law that, by itself, goes against the world. In my opinion, it is a resolution against an imperialistic law; it is a resolution that, to some extent, shows the peoples' willingness and aspirations to be freer and more independent. It is a resolution that, by itself, shows that the peoples and governments are less willing to be told what they have to do.

This is why I insist that, somehow, without the resolution being precisely what we believe it should and needs to be, that this is an unprecedented response at such a venue as the OAS in light of a resolution of this type and these characteristics.

[Reporter] Will this mean, Foreign Minister, a change in Cuba-OAS relations?

[Robaina] I believe that the resolution and our statements are aimed at, above all, what happened at this meeting. We would have to see in these precedents what has triggered this position. As far as we are concerned, we were expelled from this organization for reasons which we never agreed with and with which, after 34 years, we still disagree. We... [pauses] This gesture does not mean that Cuba will request a reconsideration, because it does not have the need to request a reconsideration and because we believe that the reasons that we were expelled from this organization were unfair. As a last measure, we would have to determine what disposition these countries have to determine if they want to talk to us or not.

As far as we are concerned, we believe that today's OAS, to tell you the truth, is not the OAS from which we were expelled many years ago. Expounding on this, we believe that today's OAS is still not the OAS our American peoples need.

[Reporter] What about the U.S. reaction?

[Robaina] The U.S. reaction triggered many feelings. I believe that one could describe it as absurd and ridiculous; others could describe it as hysterical. I think the United States was surprised at the manner in which America responded. I believe that the United States was not prepared for this kind of response; I believe that the United States could not conceive that, in a venue it has always considered its own backyard, for the first time, it has remained isolated in its own backyard. Being isolated in its own backyard is a defeat that

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U.S. arrogance is unwilling to assimilate. This is why it reacted hysterically.

It seems to me that, regarding what happened at the OAS, we could say that, in light of the response of the peoples and governments and in light of the U.S. attitude itself, if Martí could see this after many years, he would be very proud, because it would be what we have wanted to see for a long time: A Latin America that has united itself before the empire's forces can forcibly strike us all down.

Cuba: Foreign Companies Said Not Asking To End Business

PA1006004096 Mexico City EL FINANCIERO in Spanish 7 Jun 96 p 10

[Report by Victor Fuentes — received via Internet]

[FBIS Translated Text] Havana, 6 Jun — Cuban officials have not received any official notification from Mexican Cement (Cemex), or from any other foreign company, requesting an end to their business activities in Cuba.

Ibrahim Ferradaz, foreign investment and economic cooperation minister, says that there are many rumors, but officially the Foreign Investments Ministry has not received word regarding the withdrawal of any of these companies.

The ministry has not received any request for dissolution from the more than 200 joint ventures in Cuba, although many new investors are extremely cautious regarding the new legislation which sanctions companies trading with Cuba.

Ferradaz explained that during the first four months of the year, more economic associations with foreign capitalists were established than during the same period in 1995. Ferradaz added that there are 150 projects currently under evaluation, although he reiterated that he would not be providing exact figures in the future.

Ferradaz affirmed that in the case of Vitro — a [Mexican] company which preferred not to sign an agreement regarding an important project to acquire bottle manufacturing plants — what occurred was that "the courtship did not lead to marriage, the negotiations were not successful," although the company never admitted that the breakup was due to fear over the Helms-Burton law.

Ferradaz said that he was unaware if Detallara [not further identified] would come to Cuba, but he added that the [Mexican] Domos company, which is responsible for the modernization of communications in Cuba, is interested in operating an industrial park in the Wajay zone, near Wajay's international airport.

After disclosing the carrying out of a decree that allows free zone concessions to foreigners for establishing industrial parks, Ferradaz said that he believes that foreign investors "are concerned, but stable," because it is too soon to measure the reach and real effects that the Helms-Burton law will have on the intended recovery of the battered Cuban economy.

Although Ferradaz did not mention it, it is estimated that the free zones — that were included in the ambitious foreign investments law of September 1996, which had not been implemented — are one of many resources that Havana can employ to avoid the effects of a measure like the Helms-Burton law.

This is because the free zones are located in unpopulated areas where property is not susceptible to U.S. claims of having been expropriated following the success of the revolution in 1959.

Investors may do whatever they wish in those zones: From maquila [assembly plant sector] to operating airline terminals, which will include the urbanization of the areas; water, gas, and electric services; and communications, etc.

The exploitation of each zone will be granted to a concessionaire for a minimum of 50 years. Companies will be established under the same rules to make each zone operational.

At this moment, free zones are planned for Bahia de Mariel, Bahia de Cienfuegos, and Guajay, in addition to the government-owned La Havana Inb Bond free zone that is already in operation.

Because the Castro regime urgently needs money, customs and tax benefits will be readily available.

Concessionaires will pay no customs duties and will be exempt from profits and labor taxes for 12 years.

Other advantages are: The possibility of establishing banking and financial services — although only for free zones activities — and directing up to 25 percent of production to the Cuban market. All of this, needless to say, comes after previous authorization from the bureaucratic institutions of the Cuban Government, which has offered to expedite their procedures.

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Cuba: OAS Move on Helms-Burton Law Said Notable Precedent

PA1006024696 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Jun 96

["Station Commentary"; from the "Evening Information Review" newscast]

[FBIS Translated Text] Since it was created on 3 April 1948 in Bogota, Colombia, the OAS had been regarded on the continent as a mere extension of Washington's Department of State. The U.S. representative to that organization acted as a supervisor or a custodian of hemispheric policy, and the gaze of all the participants and the attention of the press were more centered on him than on the OAS secretary general.

Every time the OAS met, the topics to be discussed and approved in the work sessions were known beforehand, if Washington's views were known. For years, the role of the OAS was reduced to a simple chorus leader in charge of rubber-stamping and sanctioning all the abuses the imperialists perpetrated on the continent. In the wake of the triumph of the Cuban revolution, the sad role of the institution, which at that time carried the moral stigma of being the U.S. Ministry of Colonies, became more evident. To recap the sordid acts of complicity by the OAS of that time would tire the ears of the continent's public, since the progressive forces of the hemisphere denounced all of that at the proper time. Cuba was expelled in 1962 because it moved away from U.S. trusteeship and the empire's political and ideological plans. That was the primary cause for that unjust measure that only harmed the participating countries, who broke their relations with Cuba practically en masse. Mexico alone maintained its ties with the Cuban Government in a courageous and dignified manner. Canada did not break relations with Cuba either, although it did not belong to the OAS at that time.

The somber phase of military dictatorships and their horrible crimes went unnoticed in the OAS halls. The invasions of the Dominican Republic and the more recent one in Panama, where the United States took it upon itself to arrest the highest military leader of the Isthmus, General Manuel Antonio Noriega, and to lead him in handcuffs to be tried by a U.S. court, were incidents glossed over by the regional organization. The continent's best political intellectuals felt rightly ashamed by this long chain of humiliating abuses to which their countries were led by the U.S. imperialists.

An exemplary vindication of continental dignity and a healthy reaffirmation of the political authority of the peoples of America, as shown this week during the 26th OAS meeting, were overdue. The Cuban newspaper GRANMA described what happened as an honorable and courageous action by the hemispheric community. One could also say that the honor of our peoples was exemplarily upheld in a direct confrontation with the largest political, economic, and military power of the planet. An unforgettable precedent has been set that will mean a great deal in reaffirming our people's moral authority and the respect owed their independence and sovereignty. The step taken is of such magnitude and importance that it becomes irreversible and a strong example with which to begin the new century and the third millennium, in a uniquely glorious manner for our America. Henceforth, Washington will not be able to continue haughtily ignoring the dignity and rights of the other American nations. If what was wanted was an example of democratic force and political authority of the loftiest civic morals, the historic OAS resolution, rejecting the imperial edict of the Helms-Burton law against Cuba — which was not physically present on that occasion — became the hemispheric community's most glorious moment since its founding. It is just and honorable to acknowledge it.

Cuba: Official Criticizes U.S. for Delay in Visa Grant

PA0806195996 Havana PRENSA LATINA in Spanish 2138 GMT 7 Jun 96

[By Armando Reyes]

[FBIS Translated Text] Havana, 7 Jun (PL) — Today, Jose Ramon Fernandez, vice president of the Council of Ministers, complained about the U.S. Government's delay to grant an authorization for the Cuban delegation to the Olympic Games to fly directly to Atlanta.

In an exclusive interview with PRENSA LATINA, Fernandez stressed that the Cuban authorities have already asked their U.S. counterparts for authorization to transport the athletes to and from Atlanta, but the problem has not been resolved yet.

According to Fernandez, this is a worrisome issue, since there are only some 40 days left until the inauguration of the Olympic Games, to be held in Atlanta.

Fernandez added that the matter is in the hands of the White House, hence the delay. Fernandez indicated: "If this matter were in the hands of the organizing committee or the National Olympic Committee, the authorization would have been granted without any delay."

He mentioned that Cuban sports leaders met with U.S. counterparts and obtained positive results, because they are willing to smooth things for the Cuban delegation.

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Asked about the possibility that anti-Cuban groups might use the Olympic Games to stir up trouble, he replied that the U.S. organizing committee is not willing to permit such actions.

Fernandez explained: "It is not that we are afraid of responding to any attack, but sports is too noble an activity to use violence to counter provocations, as has been the case on other occasions." I believe the Cuban Olympic athletes are well prepared, despite the difficulties and the shortages. Therefore, he added, we hope that we will retain the fifth place we won in Barcelona '92.

He predicted that there is a good chance of winning gold medals in track, boxing, judo, wrestling, fencing, female volleyball, weight lifting, and baseball.

He emphasized that the 14 gold medals, won four years ago, will be past history in the coming Olympic competition. Perhaps there will be 16 or there might be up to 20, but we must always keep in mind that predictions are fantasy, never real, Fernandez pointed out.

The official stressed that the Cuban delegation to Atlanta '96 will be smaller than the one that participated in Barcelona '92; however, it has set higher and grander goals for itself.

Cuba: Chinese Ambassador Condemns Helms-Burton Law

PA0706153596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 2 Jun 96

[From the NTV" newscast]

[FBIS Translated Text] In Villa Clara Province, Chinese Ambassador to Cuba (Liu Peigen) visited factories that were constructed using Chinese technology.

[Begin recording] [Correspondent Boris Fuentes] Among the facilities visited by the Chinese ambassador was the modern Minerva Bicycle Factory, which is equipped with machinery from the Asian country and has a production capacity of 150,000 bicycles a year.

During the factory's first nine months in operation, it has built approximately 18,000 bicycles, models 26 and 28 — for men and women — of excellent quality. The ambassador also toured a fan factory that was built under Chinese supervision. This year it will try to build over 120,000 fans.

During a press conference, the representative of the Chinese Government in Cuba ratified his country's decision to strengthen trade relations with Cuba and their total disagreement with the Helms-Burton law.

[(Liu Peigen)] It goes against international norms governing trade and economic relations. It is extraterritorial and no country can accept it. On many occasions, the Chinese Government has stated that trade and economic relations between Cuba and China will continue to develop. [end recording]

Cuba: China Said To 'Firmly Oppose' Helms-Burton Law

PA0906160796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 8 Jun 96

[Report by Marta Sosa; from the "NTV" newscast]

[FBIS Translated Text] Wu Yi, Chinese minister of foreign trade and economic cooperation, began a visit to Cuba this afternoon. She was received at Havana's Jose Marti International Airport by Cuban Foreign Trade Minister Ricardo Cabrisas.

In her statements to local and foreign journalists on the PRC's position vis-a-vis the Helms Burton law, the Chinese minister was categoric:

[Begin Wu Yi recording in Chinese with simultaneous translation to English] Our attitude is very clear. We firmly oppose this law. China always upholds the position that conflicts between two countries must be resolved through honest dialogue on the basis of mutual respect and respect for the other country's integrity and sovereignty. [end recording]

In reply to my question as to the level of economic relations between Cuba and the PRC, Wu Yi said:

[Begin Wu Yi recording in Chinese with simultaneous translation to English] A millenary friendship joins Cuba and China. The visit to China by Comrade President Castro in November 1995, represents a new chapter in the history of our bilateral relations. [end recording]

Wu Yi will visit places of socioeconomic interest in our country and will meet with various Cuban Government officials.

Cuba: PRC Delegation Visits, Signs Cooperation Agreement

PA0906041096 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] These are details of today's activities carried out by the visiting PRC delegation headed by Foreign Trade Minister Wu Yi.

During the afternoon, Economy and Planning Minister Jose Luis Rodriguez gave her a detailed explanation of

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the most recent developments of the reforms in Cuba. Rodriguez said that, while the state reaffirms its preeminent role as owner of the production instruments, enterprises have been given a greater degree of freedom and self-government.

Wu Yi also met with Agriculture Minister Alfredo Jordan, who told her about the transformations in the agricultural sector with the purpose, he said, of defending the revolution and the achievements of socialism.

During the occasion, a cooperation agreement was signed for rice production on an experimental farm in Granma province. The PRC will provide technology, technical advice, and financing for an experiment that could be extended to other crops if it proves favorable.

A few minutes earlier, the PRC delegates laid a wreath at the foot of a monument dedicated to the memory of the Chinese who died during the war of independence.

The day's activities started with the opening session of the 8th Joint PRC-Cuba Inter-Governmental Commission. In the opening session, the sides reaffirmed their interest to improve their bilateral ties. The trade between the two countries is very active, having exceeded $350 million in 1995.

Cuba: Castro, PRC Minister View 'Economic Opportunities'

PA1006035596 Havana PRENSA LATINA in Spanish 1804 GMT 9 Jun 96

[FBIS Translated Text] Havana, 9 Jun (PL) — President Fidel Castro today met with Wu Yi, Chinese minister of foreign trade and economic cooperation, with whom he discussed issues pertaining to commerce and investments, as well as areas of mutual cooperation.

The Cuban president met last night with the Chinese official, following the reception offered by Cuban Foreign Trade Minister Ricardo Cabrisas in honor of the Chinese delegation, which has 24 members, including business executives.

The Cuban leader was accompanied by Carlos Lage, vice president of the Council of State, and Cabrisas. The talks were held in an atmosphere of friendship and reciprocal understanding, where the parties discussed economic opportunities in which they could participate, official sources have reported.

On Sunday, the visiting delegation traveled to Varadero, the most prominent summer resort on the island, and is expected to visit petroleum facilities in that region, located west [as received] of the capital.

Cuba and China yesterday signed the first agreement on an experimental rice farm, which will be built in Granma, a province of the country that will serve as a model for the use of the "Xintian" seed in other rice cultivation areas.

The plan consists of planting 200 hectares, having a capacity to produce 10 metric tons of wet rice [arroz humedo] per hectare in two harvests annually. This protocol serves as a preamble for a series of agreements on investments which China plans to establish in Cuba, members of the Wu Yi party have said.

Yesterday, with that purpose in mind, the 8th session of the Mixed Cuban-Chinese Government Commission began at the Ministry of Foreign Trade and will run until next Wednesday, on which date it will close.

Among the areas of mutual interest are hydrology; geology; mining; fisheries; agriculture; basic and light industry; banking; commerce; health, including biotechnology and pharmacology; in addition to foodstuffs and energy.

Cuba: Mexico's Labor Party Head Visits, Condemns U.S. Law

PA0806021796 Havana Radio Rebelde Network in Spanish 1155 GMT 7 Jun 96

[Report by Gisela Bell Heredia; from the "Doing Radio" newscast]

[FBIS Translated Text] In a statement to local reporters, Mexican Deputy Alberto Anaya Gutierrez, leader of the Labor Party [PT], has said that his party rejects the Helms-Burton law, because it goes against the fundamental principles of international law and contradicts WTO and NAFTA agreements.

[Begin Anaya recording] The PT has said that this law has no [words indistinct] and is doomed to fail. Recently, in an action unprecedented since its foundation, the plenum of the OAS rejected this law, which annoyed the United States, the only country that voted against the resolution. [end recording]

Anaya also referred to his party's relations with the Communist Party of Cuba [PCC] and the future of that political organization.

[Begin Anaya recording] The PT is in the process of development as an emerging party that still defends the banner of socialism and seeks to become the Mexican leftist party. [end recording]

Anaya Gutierrez is accompanied by four other members of his party. During their visit to Cuba, they have met with Ricardo Alarcon, president of the National Assembly of the People's Government; PCC leaders Jose Ramon Balaguer and Concepcion Campa; and

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Conrado Martinez, president of Havana City People's Council.

Cuba: Politician Sees No Change in Russia's Cuba Policy

PA0806180796 Havana Radio Havana Cuba in Spanish 0000 GMT 8 Jun 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The outcome of Russia's 16 June elections will not affect that country's development of economic relations with Cuba, Jorge Lezcano Perez, head of a Cuban congressional delegation, said in Moscow. He affirmed that all of the political party leaders with whom he met during his three-day visit to Russia support the Cuban people's right to choose their own political model and spoke in favor of strengthening bilateral exchange.

The Cuban lawmaker, who was invited as part of the actions by the Russian Lower Chamber against the Helms-Burton law, said the two sides agreed to take steps to counter the U.S. sanctions on countries that engage in commercial relations with Cuba. Lezcano is the chairman of the Foreign Relations Committee of the National Assembly of the People's Government [ANPP]. He announced the visit to Cuba by Duma President (Gennadyi Selesniov) and said that ANPP President Ricardo Alarcon de Quesada will make a reciprocal visit to Russia.

Cuba: Cooperation Protocol Signed With Ghana

PA0706141996 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 1 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Cuba and Ghana will strengthen economic and trade relations. These possibilities are reflected in the 8th session of the intergovernmental joint commission's final protocol.

[Begin recording] [Unidentified speaker, in English] How do you regard the joint commission meeting recently held?

[Ghanian Transport and Communications Minister Edward Salia in English with passage-by-passage translation into Spanish] This joint commission meeting has been very successful. [end recording]

Possibilities in 14 sectors were explored. The possibility of joint investments in mining and maritime transportation are included in the final protocol, which was signed by Cuban Foreign Trade Minister Ricardo Cabrisas and Ghanian Transport and Communications Minister Edward Salia.

It was agreed to keep a Cuban medical brigade in the African country and to cooperate in education and sports. The development of joint research and the establishment of paths for bilateral cooperation in the areas of fishing resources, sugarcane harvesting, livestock, and tourism was also agreed.

In the near future, Ghanian ministers of agriculture, public health, and science, technology, and environment will visit Cuba.

Cuba: Free Trade Legislation To Boost Foreign Investment

MS0706105196 London FINANCIAL TIMES in English 7 Jun 96 p 6

[Report by Pascal Fletcher: "Cuban Trade Zones Aim at Foreign Cash"]

[FBIS Transcribed Text] Havana — Cuba yesterday presented legislation to create free trade and industrial zones in an effort to maintain foreign investment interest in the face of tightened U.S. economic sanctions.

The new decree law detailed the tax, customs and labour regulations that will govern the zones, which were first mentioned in a foreign investment law introduced by Cuba on September 5.

"We think Cuba is an attractive site for free trade zones," said Mr Ibrahim Ferradaz, minister for foreign investment. The island could offer a privileged geographical position, a developed transport and communications system and a skilled and educated work force, he added.

A number of sites were under study. These included two ports, Mariel, 27 miles west of Havana on the north coast, and Cienfuegos, on the south coast. Another possible site was Guanajay, near Havana's international airport.

Officials portrayed the free trade zones law as a clear sign that Cuba remained open to foreign capital despite the U.S. legislation aimed at discouraging foreign investment there.

Asked about reports that Mexican companies were withdawing from ventures in Cuba because of the Helms-Burton legislation aimed at punishing foreign companies that do business involving Cuban property confiscated from U.S. citizens and companies, Mr Ferradaz said his ministry had not received official notification of any withdrawal by an existing investor.

Besides exemption from customs duties on imports into the designated areas, the Cuban free zones would offer exemptions and rebates on utilities and labour taxes normally paid by foreign companies. For production

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activities, there would be a 12-year total exemption followed by five years of a 50 per cent rebate. For trade and services, the total exemption would last five years followed by three years of 50 per cent rebate.

Existing Cuban labour regulations would apply, but joint ventures in the free zones could be allowed to contract workers directly, without a Cuban intermediary, if they received permission.

The law foresees two categories of investor, both foreign and national. "Concessionaries", who would provide infrastructure", and services such as factories, warehouses and offices, could enjoy concessions up to 50 years.

In the case of "operators", designating those who were manufacturing or carrying out other business, the concession period would be negotiable.

Banking, financial and insurance services would also be allowed.

Cuba: Fidel Castro Congratulates Las Tunas Workers

PA0906190696 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro congratulated the sugarcane workers of Manati Municipality, Las Tunas Province, and the workers from other provinces, who have worked during the harvest at the Argelia Libre Sugar Complex.

On Tuesday, in Las Tunas, Fidel visited the Jesus Menendez Sugar Complex's analysis center. At the time, that complex's grinding operations were at a standstill due to heavy rains. During a meeting with the Jesus Menendez Sugar Complex's management council, the commander in chief analyzed the harvest's current situation and the measures that are being implemented to confront the remaining harvest. He spoke about the different types of combine harvesters and on how they handle with different engines. He asked about the men from other provinces — who are working on Las Tunas harvest — inquiring about their food and working conditions.

Fidel insisted on the need and importance of grinding all the cane as planned and of taking all the necessary measures to obtain the best yield possible. He was briefed on the province's readiness for the next sugarcane harvest, as well as on planting, weeding, and all other tasks involved in cane recovery. Fidel insisted on not neglecting the agricultural duties needed by the sugarcane.

During the conclusion of his meeting at the Jesus Menendez Sugar Complex, he saluted workers present at the complex.

Commander in Chief Fidel Castro congratulated the sugarcane workers from the Argelia Libre Sugar Complex. Sugar Industry Minister Nelson Torres transmitted the message to the Las Tunas workers, who have confronted adverse weather conditions and continue on with the harvest.

[Begin recording] [Correspondent Rafaela Balanza] During the beginning of April, this complex in northern Las Tunas, very much effected by rain, had accumulated 53 million arrobas. The effort made here, the aid from the Peru Sugar Complex's workers and from other provinces, has made possible to cut an average of 1 million arrobas a day [as heard]. During the last 20 days, 1.5 million were obtained.

[Torres] Truly, the workers from the Argelia Libre Complex have done a tremendous feat of work. A feat! Today, we can report that there is no cane left to grind. Only 300,000 arrobas are left in 1,800 caballerias. There is a little that is being collected. However, today we have come here to declare the Argelia Libre Sugar Complex's victory and to bring the commander in chief's congratulations to all the workers, and to all the men from other complexes in the province — Peru, Colombia, and Amancio Sugar Complexes — who have participated here, as well as to the detachments from other provinces who have also made a great effort here. They were an example of discipline and dedication in the Argelia Libre Complex's victory here in Manati, Las Tunas.

[Balanza] Now, the Argelia Libre plans to process 3 million arrobas from the Antonio Guiteras because that complex has sufficient cane to become the country's largest producer and to obtain its best harvest in six years.

Regarding the commander in chief's impressions after visiting the Jesus Menendez complex, Nelson Torres stated:

[Torres] Very good, very good. There is serious work and determination going on. They have made a tremendous effort. We noticed the fields' dampness and this is why the mechanized cutting was halted at the Menendez Complex. He saw the will and spirit to continue. [end recording]

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Cuba: Ministry Carries Out Exercise on Protection System

PA0706121396 Havana Cubavision Network in Spanish 0000 GMT 4 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] The Interior Ministry has carried out an exercise of the Unified Vigilance and Protection System [SUVP] in Matanzas Province to mark its pending 35th anniversary.

At the closing ceremony, Yadira Garcia Vera, first secretary of the party in Matanzas and a member of the Politburo, described the exercise as extremely positive, because it has accomplished its main goal of pulling together all the members of the system in the fight against crime and its prevention, surveillance, and physical protection, as well as the procedural processing of criminals.

For six days, Interior Ministry combatants, with the support of mass organizations, government bodies at various levels, and prosecution and court individuals, conducted various efforts with the objective of preventing and fighting crime and antisocial behavior, particularly the theft and slaughter of cattle, armed robbery, and prostitution.

Various means were used to foster an increase in surveillance and the people's participation in the fight against crime. The exercise concluded with the promotion of a group of Interior Ministry officials in recognition of the successful carrying out of their duties.

Cuba: Domestic Trade Minister Discusses Food Issues

PA0706122296 Havana Radio Rebelde Network in Spanish 1155 GMT 30 May 96

[Interview with Domestic Trade Minister Barbara Castillo by unidentified female reporter and Felix Fernando Garrido in Havana and Carlos Sanabria Marrero from Santiago de Cuba; from the "Doing Radio" program — live]

[FBIS Translated Text] [Reporter] Domestic Trade Minister Barbara Castillo is here with us to discuss issues linked to the food industry. We have been talking about our own experience as consumers. We realized, comrade Minister, that state restaurants have made major progress, practically from ground zero.

I believe the country's capital poses a challenge, as it has many people, a large number of inhabitants. The capital cities are always more difficult to deal with. At least in my opinion, I have perceived a change in the low-cost restaurants: There is a larger variety and a wider range of prices. I know and I can imagine your goal is much more than what has been achieved thus far. Are you or aren't you pleased with current accomplishments?

[Castillo] We are not completely pleased yet. I believe we have just begun our task in the capital and the rest of the country. We still have many things to do; we are only at the starting point. There are many things that need to be solved yet. We must increase the level of professionalism in this activity; people must devote themselves more. Our comrades who are in the Basic Supply Units [UBA — Unidades Basicas de Abastecimiento] and who make the decisions, in the end must fulfill their duty. We must place additional emphasis on improving the quality of services and attention to the public and complying with standards of hygiene, cleanliness, and order.

In addition, we must stress the importance of being attentive to customers: Workers must refrain from shoving things around. It is paramount that everything we do lives up to the standards of quality that people deserve.

Certainly, we must also continue to find solutions to matters such as prices. We have just begun to work on this. The issue of prices is quite complicated, because there are different aspects to consider.

We are selling food in general stores. It had been many years since we last did this in Cuba. We are also doing this at the agricultural and industrial markets and the supermarkets.

We must bear in mind that the food industry is an overall concept. We cannot deal with it solely within an administrative framework. Thus far, we all know that there are only [word indistinct] enterprises specialized in food services. We have opened this dimension.

Where are the customers? The customers are in the neighborhoods, and we must offer them better service. We must act, bearing this reality in mind.

Our current challenge is to find a balance regarding prices. We know that some comrades have asked: What are prices going to be in the future, particularly the price of the most popular products? Logically, the most popular products will be the most affordable ones. We cannot try to earn huge profits based on price increases.

This does not mean, however, that there will not be products in different price ranges: High, medium, and low. The principle is the following: We are undertaking our greatest effort at the food preparation centers, because the capital and the country need these centers to multiply the resources at hand.

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Catering to 10 persons with a [word indistinct] specialized network is not the same as catering to 1,000, 2,000, or 3,000 people. In the latter situation, we must make more croquettes, more deep-fried foods, and return to the smaller hamburger, a practice that has already spread. We must go back to focusing on essential things.

We all agree that we should have a wide price range, but we must focus on producing those things that the population demands the most, namely, the popular food products, which revolve around the food preparation centers. To win this battle, we must begin with the basic level [retaguardia] and the food preparation centers constitute the basic level. At the basic level, people must buy the best possible products at the UBA's.

The basic level also involves beginning to take into account the small industries linked to the food industry, because often we could prevent products from going bad if we processed them ourselves. I do not see why we cannot make fermented products. I do not see any reason. Why can't we work in the production of dehydrated products either? Why not? Often, there are the necessary conditions, and there are many places available for this task.

[Garrido] This is also an alternative to preventing food from spoiling.

[Castillo] This is a great alternative. We are promoting it. I do not understand either why we can't grow the seasonings, because one thing is for sure: A well-seasoned croquette made with vegetables and some meat or fish turns out quite well.

[Garrido] Delicious.

[Castillo] It must cost $1.50. We cannot sell them at 50 cents or 40 cents. Recently, we have entered a new field: We are catering to households. Thus, our working comrades can buy 10, five, four, or three croquettes or three small hamburgers when they rush to pick up their children from school or when they leave their workplace. If they have the proper utensils, they can finish cooking them in the comfort of their own homes, which is an additional relief for women and their families.

[Garrido] Here is Carlos Sanabria Marrero, who is also following domestic trade activities with great interest, from Santiago de Cuba, the country's second capital, which also has a large number of inhabitants.

[Sanabria] Greetings to Minister Castillo. Minister: As you so rightly said, the rear guard is pivotal. There is a famous saying that there cannot be victory in the front line without the rear guard.

[Castillo] This is right.

[Sanabria] We are placing almost all the responsibility on the food preparation centers. What will then be the role of the UBA's, particularly the small ones? [Words indistinct] I see many UBA's here in Santiago de Cuba, practically without any product and waiting to be supplied by the companies. As you were saying, how much can be accomplished if the workers of the food industry grow their own seasonings?

I would also like to know what incentives there are for workers in the food industry to engage in activities that help improve the service provided by the chain of low-cost restaurants. I am referring particularly to Santiago de Cuba, where there is a floating population, similar to other provincial capitals, who rely heavily on these light meals, which had practically vanished, but are now taking on new vigor.

I am also concerned that these small self-employed workers are somewhat monopolizing the low-cost restaurants. Could you answer my questions?

[Castillo] A process began to be implemented recently. We cannot say that we only depend on the food preparation centers, because we must work everywhere. The [word indistinct] centers are a solution to the growing needs, and it can also facilitate the process of reaching the community, as I was trying to explain earlier. The food preparation centers might even provide a [words indistinct] system, and I want to make it clear that not all places are trying to make this service accessible to households.

This does not mean that food preparation by the UBA's themselves must be eliminated, quite the contrary. This aspect is being stressed to such an extent that some comrades are very concerned that they are being asked to work longer hours, because they must work, not only to ensure the center's responsiveness but also to ensure the performance of the location itself.

I want to stress that this aspect is pivotal.

[Sanabria] What will the incentives be to motivate this effort?

[Castillo] We are beginning to give incentives for this effort. We should do this based on the fulfillment of the requirements set up, because one cannot give incentives for actions that do not yield any results or to men who are not working up to their full potential.

We cannot do this because this would mean, comrade Sanabria, that we would all have to work harder. Those of us who work in the area of services must adjust our work, not to our criteria or our problems, but to the criteria and problems of others.

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We must work to satisfy our customers, the people. Thus far, the schedules, the way of providing food services has been attuned to our problems; now, we must think the opposite way. We must undertake efforts, and these efforts are being rewarded, in an experimental or gradual manner.

However, all these incentives must be doled out gradually, because at this point, we cannot give money away without having results. We must see results first and then give money. In addition, the money must be offered only if the workers have worked efficiently and if the people feel that they are receiving the benefits.

[Sanabria] I agree with you totally. I also believe that, in this sector of the food industry, there are still patterns that spread vertically from the center to every municipality. Considering that each municipality has its own characteristics, which are quite different from other parts of the country, models that suit individual needs could perhaps be outlined for each municipality to tackle its own problems through specific initiatives.

The problem of prices falls under this category. Sometimes, some UBA's here in Santiago de Cuba sell fricasseed pork for nine pesos, but one must eat at least two portions of fricassee to get full. The issue here is that there is no way these UBA's are authorized to lower the price of one-day-old or two-day-old fricassee.

[Castillo] We are currently beginning to implement a new price policy, new price guidelines designed to solve those issues you are referring to. Let me tell you one thing: Models are being fashioned to suit individual needs, because the territories have tremendous powers. Do you know why I am saying this so categorically? Because although we are establishing a central policy, which is the correct thing to do, the government councils have the last say in Santiago de Cuba and all the Cuban provinces.

Currently, the food enterprises have more powers than ever. Not too many people are aware of this, because these powers were granted recently. As you know, to be able to carry this out, the people must change their attitudes, and I reiterate the main problem lies in our minds, in our little heads.

[Sanabria] I agree with you totally.

[Castillo] We must change our attitudes, because the limitations that existed before no longer exist. I am not saying either that everyone should act as he pleases, because this behavior would also lead the country into a chaos. There are central guidelines, and there are policies to set up prices and especially, to protect low-cost restaurants.

Frequently, people, namely, our own workers, get confused over this aspect of protecting the low-cost restaurants, which is the most important aspect we are working on. For instance, there might be a fricassee being sold for nine pesos, but there are also alternatives for three or 2.50. We are also making croquettes for 40 cents and making them available to the households. Do you know what this means, comrade Sanabria? That we must all work harder. That no one can any longer argue that all decisions are being made at the top.

Only those decisions that must be adopted at the top are being made at the top, but the work of those at the bottom, their initiative, is not being stifled. The individual model for each place must be designed where the problem is being tackled. This topic has been discussed thoroughly in all the territories. We have even held food industry meetings in Santiago de Cuba and everywhere else. We have held more than 70 of these meetings throughout Cuba for people to learn to work properly.

[Sanabria] I agree with you totally that people must change their attitude; that there should be guidelines that suit the needs of each territory, in which local governments and authorized persons can exert some control over these issues; that people should be able to use their iniatiave; and that incentives should be awarded after seeing the results.

Not long ago, I spoke on the telephone with a director of one of the companies under your supervision here in Santiago de Cuba. Before this, I had toured the place and had prepared a report for "Doing Radio" on the poor performance of a local bakery, which makes bad bread and lacks good hygiene and attentive workers. Despite this — and it is quite peculiar to see how people's minds work — the director asked me to give him the recording to summon those workers who had spoken to me before the management council to make an assessment.

I told him that he had to assess the situation with me, give me an answer on the workers' remarks, and find a solution for the problem.

[Garrido] This is how things are supposed to be.

Dominican Republic

Dominican Republic: Candidate Protests 'Selective' Arrests

PA0706181696 Havana Radio Havana Cuba in Spanish 1402 GMT 7 Jun 96

[Report by Manuel Guerrero]

[FBIS Translated Text] Santo Domingo, 7 Jun (PL) — A national controversy regarding the selective arrest of

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persons without voter identificatio[illegible]ds went international today because of the charges made by presidential candidate Jose Francisco Pena Gomez.

In a letter sent to OAS Secretary General Cesar Gaviria and to the Council of Democratically-Elected Former Presidents, led by Jimmy Carter, Pena Gomez said that the actions taken by the police are an attempt to prevent his supporters from voting in the 30 June elections.

Police Chief General Enrique Perez y Perez acknowledged that "citizens have been arrested for not carrying their voter identification cards, however, these arrest are circumstantial, because as soon at it is determined that the person arrested is not a criminal and is not engaged in suspicious activities, he is released.

According to recent complaints, over 5,000 arrests have been made in Santo Domingo, and in the interior of the Republic, arguing that active members of the Dominican Revolutionary Party (PRD), which support Pena Gomez, are buying voter's identification cards.

In recent comments to PRENSA LATINA, Pena Gomez said that through this procedure more than 100,000 people will be have their voter identification cards taken away and will not be able to vote on 30 June.

Although Perez y Perez emphasized that the police measure is legal, the PRD candidate says that never since the end of the Rafael Leonidas Trujillo dictatorship, 35 years ago, has "such an hateful measure" been implemented.

The accusation made before international organizations has received the support of the National Commission of Human Rights, whose President Domingo Porfirio Rojas demanded the intervention of the Inter-American Court of Human Rights.

In contrast, Interior and Police Secretary Asirio Guzman and Presidential Secretary Rafael Bello Andino believe the request for the identification cards is a legal and preventive measure to stop the alleged purchasing of electoral documents.

Pena Gomez and Leonel Fernandez Reina will be rivals in the second round of the presidential elections. Fernandez Reina, of the opposition Dominican Liberation Party, has the support of the government's Social Christian Reformist Party and President Joaquin Balaguer.

Dominican Republic: Arrests of Persons Without ID Cards End

PA0806194696 Madrid EFE in Spanish 1516 GMT 8 Jun 96

[FBIS Translated Excerpt] Santo Domingo, 8 Jun (EFE) — Local and foreign protests compelled Dominican President Joaquin Balaguer to suspend the arrests, by the National Police, of persons who did not have their electoral identification cards.

Today, the presidential press office confirmed to EFE that last night, the president ordered the suspension of the arrests of those Dominican nationals who do not have their personal identification cards.

Balaguer's order was handed down following local and foreign protests, which contended that the arrests besmirch the organization of the runoff presidential elections slated for 30 June.

Despite the order of suspending the arrest of those Dominican citizens who do not have their documents, Balaguer authorized the police to arrest and bring under the jurisdiction of the courts, "with rigor and impartiality," those persons who are arrested for buying these documents.

The arrests were made in the wake of complaints that militants of the oppositionist Dominican Revolutionary Party (PRD) were allegedly buying the identification cards to prevent those persons from voting against them. [passage omitted]

Haiti

Haiti: Deputies Optimistic About Preval's European Tour

PA0906190496 Port-au-Prince Signal FM Radio in Creole 1130 GMT 7 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] Haitian deputies are optimistic about the results of Preval's current European tour. We are going to listen to the opinions of Deputies Gabriel Fortune and Kenol Delacruz.

[Begin recording] [Fortune] I feel he will make a very good impression. I believe he will take this opportunity to convince the donors, to convince the international community, of the urgent need for aid in Haiti. I also believe that he will express the opinion of society, the opinion of the government, the opinion of the parliamentarians on how they see the reconstruction of the country and, in this context, I believe the tour can be profitable. I think he can take advantage of this tour to play on the little contradictions that exist between the North American and the European approach to financial aid.

[Delacruz] Well, it is normal for the president to travel, to go [pauses].... We can only hope that the president's visit will not be a series of sterile talks, but rather

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something more fruitful, so the country can benefit from the president's tour. [end recording]

This is how two Haitian parliamentarians view the tour Haitian Head of State Rene Garcia Preval is making with his delegation in Europe. Several parliamentarians say they think this tour will bring positive result to Haiti.

Haiti: Preval Meets French FM; France Renews Support

PA1006032696 Port-au-Prince Signal FM Radio in Creole 1130 GMT 7 Jun 96

[From "The 0730 Appointment Newscast"; passages within slantlines in French]

[FBIS Translated Excerpt] [Announcer] On 6 June, France renewed its support for improvements in Haiti, said French Foreign Minister Herve de Charette, after receiving Haitian President Rene Garcia Preval, who is visiting Europe.

According to the French minister, Haiti can depend on the support from France for its recovery actions, support that it never forgets to give Haiti and that it never will forget to give.

For 18 months, in other words, since the return of former Haitian President Jean-Bertrand Aristide to Haiti, France has managed to give Haiti 400 million Francs, aid worth $80,000, the most significant allotment per inhabitant for countries aided by France. Aristide handed power over to President Preval on 7 February.

The French ministry hopes for the renewal of the mandate of the UN Mission in Haiti [UNMIH] that will expire on 29 June.

President Preval arrived in France on the morning of 6 June for a two-day visit, during which he will meet with Jacques Chirac and several high-ranking French officials. Today, the Haitian head of state met with French businessmen on the new investment frameworks of the industrial sector and the program of economic policy for the Haitian Government. Here are more details from our special envoy Fares Duverne in Paris:

[Begin recording] [Duverne] /President Preval met this morning with French businessmen in Paris. The discussions involved the new investment frameworks that are being prepared in the industrial and commercial sectors and the main details of the economic and financial policy of the Haitian Government.

/President Preval took the opportunity to announce that his government will soon be ready to submit to the Parliament a settlement plan authorizing the creation of free zones and the ratification plan of the Miga [as heard] Convention of the world group. In addition, the head of state announced the introduction of the law on the modernization of the state-owned enterprises and declared that he wishes it to be ratified. Preval immediately reassured and explained that his privatization program is against any form of monopoly. At the end of the meeting, Preval spoke to Signal FM./

[Preval] It was a fruitful, open, and sincere meeting in which we spoke of both the difficulties we have for the moment and the efforts we are making so we can receive the French investments in Haiti.

[Duverne] /The meeting was held in a relaxed atmosphere with a breakfast offered by the vice-president of the National Council of the French Employers, Mr. (Gilbert Trigano). The French entrepreneurs spoke notably about the telecommunications and fiscal problems that, according to them, represent an obstacle to investment.

/This morning, President Preval is due to speak with his French counterpart at the Elysee Palace. This was Fares Duverne live from Paris for Signal FM./ [end recording] [passage omitted]

Haiti: Parliamentarians, Mayors Plan Visit to China

PA0806033896 Port-au-Prince Signal FM Radio in Creole 1130 GMT 7 Jun 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] A exploratory mission of Haitian parliamentarians and mayors will visit the People's Republic of China very soon. In an interview granted to one of our colleagues at Signal FM, the chairman of the foreign affairs committee at the Chamber of Deputies labeled the restoration of diplomatic relations between the two countries as positive.

According to Deputy Fortune, such an initiative would allow Haiti to benefit from many things. The chairman of the foreign affairs committee takes the opportunity to announce an exploratory visit by Haitian parliamentarians and mayors who will visit the People's Republic of China at the end of the month of June. [passage omitted]

Haiti: Editorial Views Divisions in Lavalas With Concern

96P20430A Port-au-Prince LIBETE in Creole 1-7 May 96 p 1

[Editorial: "Lavalas: A River With Several Currents"]

[FBIS Translated Text] A person does not need to be knowledgeable about political issues to see the big split in the Lavalas camp that is turning it into a river with

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several currents. The split was deep inside, but the privatization issue brought it out into the open. Today, there are two kinds of Lavalas: A "disordered Lavalas" and an "organized Lavalas." The second senator from the Southeast, Yrvel Chery, made this sly statement.

According to Senator Chery, the "disordered Lavalas" are the big eater partisans of Jean-Bertrand Aristide who want to return to power. The senator said that these people are afraid of being judged for the mess they made with state assets. Chery also said that the "organized Lavalas" is the team that, while in power, working for the state, managed affairs in a disciplined and orderly manner. In addition, each of these factions has its own table. The "disordered Lavalas" that created the Legitimate Children of the Table has a well adorned table (loaded with good food) as its symbol, while the symbol of the "organized Lavalas" is an empty table. This also means that Lavalas today has legitimate children and natural children (the children left outside).

Even before Senator Chery made his statement, journalist Chwazel Enriques, a member of the Open the Gate Party (PLB), had already denounced the behavior of Senator Renaud Bernardin for signing a document condemning the Preval/Smarth government's privatization policy. Many have noticed the Lavalas Political Platform's campaign against the Lavalas Political Organization (OPL). On every wall in Port-au-Prince is the slogan: "OPL betrays the people. Aristide forever." Even more curious, the other parties, like the Movement to Organize the Country (MOP) and the PLB, as well as the popular organizations in the Platform, have not spoken out against the anti-OPL propaganda. Therefore, there are several currents within Lavalas. There are certainly other currents within Lavalas that do not agree with either the "disordered Lavalas" or the "organized Lavalas." While Lavalas members are fighting among themselves, macoutes, former soldiers, members of FRAPH [Revolutionary Front for the Promotion and Progress of Haiti] and U.S. Republicans are not sleeping. They are planning and studying how to take advantage of the conflict within Lavalas. Let us note that today's division in the political class resembles the country's situation in 1991, before the 30 September coup. The split in the democratic camp, between the FNCD [National Front for Change and Democracy] and Lavalas, gave the army and the imperialists the opportunity for the coup. This time the split within Lavalas itself, plus the split between Lavalas and the rest of the democratic camp, is cause for concern. The confusion and the split leads us to ask: Is there a big explosion waiting to happen? Our uneasiness grows when we view the insecurity that spiraled at the end of last week. Armed bandits killed two policemen. Chemistry professor Ernst Desir and his wife were killed on 26 April. We want the members of Lavalas and other Haitian politicians to understand that rash politics are mortgaging the future of our country and our children. History will not forgive these plots.

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Mexico: Businesses Concerned Over NAFTA Appointment

PA0806032996 Mexico City EL FINANCIERO in Spanish 31 May 96 p 25

[Report by Lourdes Gonzalez Perez — received via Internet]

[FBIS Translated Text] Rafael Serrano assumes the post of NAFTA secretary today amidst the surprise of the business community involved in foreign trade. He replaces Ivonne Stinson Ortiz, who resigned in March.

Serrano — nephew of Fernando Serrano Migallon, former Secofi [Commerce and Industrial Development Secretariat] lawyer during Jaime Serra's term and former member of the first panel that ruled against Mexico — will face various "pending issues." Some of these issues have become the most difficult dispute settlement cases to date within the framework of NAFTA's Chapter XIX.

The new secretary — whose background no one knows and whose professional experience will not be revealed even by Secofi — will "make his first appearance" at the public hearing on the galvanized steel case that will be held on Monday. The hearing has been suspended on two occasions due to the "resignations" of two panel members.

Likewise, a ruling should be issued in July regarding the crystal polymers case, and the second issue may have great impact if our country loses the case due to "the investigating authority's incompetence," or, in a best case scenario, it could be taken before a special accusation panel if the panelists' resolution is not convincing.

There is also the cement case, regarding which a ruling is expected on the last day of July, following the public hearing held in early May in Washington.

Another pending case is the one dealing with the oil pipeline — the third Mexican case against the United States — in which Steel Tubing of Mexico (TAMSA) requested the installation of a panel because the U.S. industry requested the implementation of a compensatory quota for alleged dumping.

Business representatives dealing with foreign trade and advisers on this issue stated their concern regarding Rafael Serrano's appointment to the NAFTA secretariat, given "the critical nature of pending issues and the fact that they require expert handling."

Mexico: Zedillo on Role, Helms-Burton Law, Migration

PA0806162196 Mexico City LA JORNADA in Spanish 4 Jun 96 pp 1, 23

[Unattributed report]

[FBIS Translated Text] President Ernesto Zedillo affirmed yesterday that he is not limiting his role as president of the Republic: "What I am doing is simply renouncing the power that goes beyond the constitutional powers that are really a reminiscence and vestige of the former authoritarianism."

During an interview granted to Argentine reporter Nicolas Kasanzew after the signing of an agreement between Televisa and Argentine television — aired by Televisa — the president acknowledged that "evidently there are individuals who are nostalgic for authoritarianism" and who are upset and concerned that the presidency will adhere "strictly" to the powers granted it by the Constitution. However, Zedillo insisted that "fortunately, they are a minority in Mexican society."

Moreover, President Zedillo downplayed the rumors that assert that *subcommander Marcos* was trained in Cuba. Zedillo said: "There in no evidence that he was trained in Cuba. I would like to add that the Mexican Government is not concerned about where he was trained or how he was trained, because that is not an important aspect of the issue.

"The fact is, the EZLN [Zapatist National Liberation Army] exists. The fact is, the EZLN has demonstrated its resolve to find a political solution to the problem, and the Mexican Government is interested in solving, not augmenting, the problem," Zedillo said. Zedillo took advantage of the occasion to ratify his administration's resolve to reach a peaceful solution to the conflict and he recognized that the EZLN has changed its initial "violent, pro- revolutionary" rhetoric for a position in favor of a political and negotiated solution to the conflict.

Further, President Zedillo reiterated his government's criticism regarding the implementation of the Helms-Burton law, because the Mexican Government believes that the law is extraterritorial, "a matter that clearly violates all international principles."

"We have resorted to all available diplomatic recourses and to international law to protest against what we consider to be a unacceptable violation, which affects Mexican businessmen, and businessmen from other countries," Zedillo added.

Zedillo expressed confidence that in light of the Mexican Government tenacity in its position, "the U.S. Gov-

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ernment and Congress will understand that they should try other measures, not these measures, which are actually affecting the interests of third parties."

Zedillo made it clear that the decision of Cemex to withdraw its investment from Cuba was made entirely by the Mexican company and that the Mexican Government had not interfered in Cemex's decision. President Zedillo made clear that the Mexican Government's viewpoint is that in the Cemex case, a violation of international law has been committed.

Regarding the issue of Mexicans migrating to the United States, President Zedillo is confident that as long as there is good communication between the two countries and specific agreements are reached, "like the agreements we have reached with the Clinton administration this last year," the problem will continue to be *manageable*. However, Zedillo stressed that the answer to this situation lies in the economic development of Mexico.

Mexico: Helms-Burton Law Said Not To Affect Recovery

PA0806215496 Mexico City LA JORNADA in Spanish 7 Jun 96 p 1

[Report by Alfonso Gavito Gonzalez — received via Internet]

[FBIS Translated Text] La Paz, Baja California Sur, 6 Jun — Gilberto Borja Navarrete, general director of the National Finance Bank (Nafin), has said that the implementation of the U.S. Helms-Burton law, which will penalize companies that trade with Cuba, will not affect the country's economic recovery.

During a working trip through this state, Borja Navarrete announced that 300 million pesos in Nafin resources, which will help strengthen 600 local companies, will be allocated to the state.

Several investment projects, in both the industrial and the tourism sectors, were presented during the official's visit to Baja California Sur. He pointed out that the reports that will decide the way in which the institution will support the projects will be put together in 60 days, at the latest.

Before more than 120 businessmen of Baja California Sur, Borja Navarrete stressed the significance of the agreement signed recently with Banamex [National Bank of Mexico] to support the manufacturing sector. This agreement will especially help strengthen the maquila industry [assembly plant sector] in this state.

He recalled that in 1995, the program to refinance debts via nonbank financial intermediaries benefited 136 local companies, which meant fulfilling 84 percent of the projected goal and practically 100 percent of the petitions filed.

The projects presented include that of San Carlos Canned Fish, which is a company that seeks to build, and increase to 3,000 tons, a cold-storage chamber for fresh tuna. This company is asking Nafin for a credit line of $844,000. According to the institution, this project is quite important as it will generate 150 new jobs in addition to the 450 posts it currently offers.

Mexico: Canacintra President Says Firms To Remain in Cuba

PA0806223096 Mexico City LA JORNADA in Spanish 7 Jun 96 p 1

[Report by Roberto Garduno Espinosa — received via Internet]

[FBIS Translated Text] The 23 Mexican firms with businesses in Cuba will continue to work in that country, Carlos Gutierrez Ruiz, president of the National Association of Manufacturers (Canacintra), has said. He stressed that the juridical systems of the Secretariats of Foreign Relations and Commerce and Industrial Development, as well as industrial leaders, will provide juridical services to the Mexican businessmen who have interests in the Caribbean island.

When asked if the rejection of some countries to the Helms-Burton law would cause a commercial war, the industrialist leader rejected such a possibility: "We do not believe that will happen because, simply, Cuba is one more country, and its market does not represent a very significant amount so as to be an element of discussion."

Gutierrez Ruiz made statements to reporters after participating in the evaluation meeting of the National Program for the Welfare and Incorporation of Handicapped Persons Into Development.

— Do you expect reprisals as a result of the Helms-Burton law?, reporters asked. He responded:

— I think we must play a fair game in this regard, and we cannot resort to name-calling. We hope that the United States changes its mind and stops a process that we consider, not only Mexico but many countries, truly unacceptable.

Regarding productivity and the training of workers, the Canacintra president said that there is still much to be done in the area of training, first in regard to the culture of workers and businessmen, and also because many other new training systems must be included to optimize time and the transfer of workers.

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Mexico: Mexico Advised To Avoid Trade War With U.S.

PA0906125996 Mexico City LA JORNADA in Spanish 7 Jun 96 p 1

[Report by Ismael Romero — received via Internet]

[FBIS Translated Text] Senator Fernando Solana said yesterday that Mexico should not engage in a trade war with the United States because of the implementation of the Helms-Burton law, and emphasized the best response in defense of Mexican interests would be to approve the antidote, or mirror law, being drafted by the Senate and the Foreign Relations Secretariat.

Solana said the proposal will have to be approved by the Union Congress during a special period to be convened in June to reform the political-electoral reform.

National Action Party (PAN) Senator Natividad Jimenez Moreno said that next Wednesday his parliamentary faction will propose a parallel agreement to NAFTA to prevent the approval and implementation of extraterritorial laws between Mexico, the United States, and Canada, who are trading partners.

Jimenez Moreno said the project would have a wider range than the antidote law, because it could declare inadmissible any economic blockade such as the blockade the Helms-Burton law intends to impose.

Moreover, Solana said that its is important that the antidote law be approved before August, when the effects of the Helms-Burton law will affect the specific interest of Mexican public and private companies.

The Helms-Burton law went into effect, in general, in March. The president of the Senate's Foreign Relations Committee said that the antidote law will have a mirror effect, that is why is being called the mirror law.

This means that Mexico and its citizens will be able to sue for damages when U.S. actions affect Mexican interests.

Regarding the declarations of Commerce and Industrial Development Secretary Herminio Blanco regarding Mexican trade reprisals if Mexican interests were affected by the Helms-Burton law, Solana said that one should not go to that extreme. Solana said that we must first exhaust all options in international law, NAFTA regulations, and the WTO.

Solana added that the approval of the antidote law is fundamental to the defense of Mexican interests.

Mexico: Gurria Views OAS Rejection of Helms-Burton Law

PA0806160696 Mexico City NOTIMEX in Spanish 1617 GMT 7 Jun 96

[FBIS Translated Text] Mexico City, 7 Jun (NOTIMEX) — Today, Mexican Foreign Secretary Jose Angel Gurria said that the OAS rejection of the Helms-Burton law shows how serious its impact on third nations could be.

In statement to the local television, Gurria explained that the OAS members have thus conveyed their generalized rejection of this U.S. legislation, promulgated in March.

"All of us feel threatened. Our businesses, the people who could suffer the effects of the law," the diplomat explained. Gurria emphasized that everyone is protesting against this legislation, which the United States is trying to implement in an extraterritorial manner.

The Cuban situation was not discussed during the 26th OAS Assembly, held in Panama, but rather whether the existence of extraterritorial laws designed to regulate the conduct of other citizens was acceptable.

The Mexican foreign secretary contended: "This law (Helms-Burton) was drafted to control the conduct of citizens from other countries regarding a third country and this aspect is inadmissible from the viewpoint of international law."

He noted that the Helms-Burton law, which tightens the U.S. trade embargo on Cuba, prevents U.S. citizens or citizens from any other country in the world from doing any business that involves buying, selling or leasing those assets that were confiscated during the revolution.

After saying that this law will strain Mexico-U.S. relations, Gurria pointed out that several things can be done "at the bilateral level; we have done it on several occasions and we have continued to do so at all government levels."

He stressed that it is possible to take action to avert its implementation at the regional or multilateral level. We have the OAS, the United Nations, and NAFTA, which prohibits its members from adopting measures that might hinder trade.

Gurria added that the WTO is another handy forum, because it advocates the freedom to conduct trade all over the world and this legislation violates this freedom.

In addition, he mentioned that another alternative is to support Mexican businesses before U.S. courts whenever lawsuits resulting from this law's implementation are filed.

Last week, the U.S. State Department sent letters to three companies in Canada, Italy, and Mexico to warn

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them that they might be penalized because of their investments in Cuba within the framework of the Helms-Burton law.

Gurria said that he has no information on whether any company is considering to leave or has already left the island. Gurria also noted that "several companies we have contacted have confirmed their intention of maintaining their investments in Cuba."

According to remarks by private businessmen, approximately 300 Mexican companies participate in different economic areas in Cuba, the Domos Group, responsible for modernizing the telecommunications sector, being key among them.

Gurria recalled that in 1995, the United States tried to pass this law for the first time, but U.S. State Secretary Warren Christopher explained to Congressman Newt Gingrich the legal, political, and practical reasons why this law should not be approved.

He remarked that this law was passed this year because of the coming elections in the United States and the incident on 24 February, when Cuban fighter bombers downed two planes of the anti-Castro organization "Brothers to the Rescue."

He emphasized that in this process to reject the U.S. legislation, Mexico and Canada have assumed a joint stance, as trade partners, and asked the United States to hold consultations. Several meetings have already been arranged for this purpose.

Mexico: Cemex To Withdraw From Cuba Due to U.S. Law

PA0806220896 Mexico City NOTIMEX in Spanish 1859 GMT 8 Jun 96

[FBIS Translated Text] Mexico City, 8 Jun (NOTIMEX) — In view of the imminent enforcement of the Helms-Burton law, the enterprise of Mexican Cement Company (Cemex) will pull out from Cuba to protect its subsidiaries, the Financial Group Inverlat reported today.

In its weekly analysis called "Executives' Guide," Inverlat reported that Cemex provides technical assistance to El Mariel Plant, Cuba's most modern plant, and markets Cuban cement in the Caribbean, whose potential growth is considerable.

The publication added that this participation was agreed upon between Cemex and the Mexican Government through the National Foreign Trade Bank, which owns 49 percent of the plant's stock.

According to Inverlat, Cemex had agreed with the bank to provide technical assistance to El Mariel plant for 10 years, but that the terms under which Cemex signed the agreement are not known.

Inverlat estimates that the sales produced by the marketing of cement in Cuba contribute between 0.5 and 1 percent to Cemex' total sales.

Last week, the U.S. Department of State sent letters to three enterprises in Canada, Italy, and Mexico, which warned that they could be penalized for their investments in Cuba under the terms of the Helms-Burton law that was enacted by President Bill Clinton in March.

Inverlat pointed out that recent operations in the Dominican Republic, Venezuela, and Panama will make it possible for Cemex to easily meet the Caribbean market's demand.

According to Inverlat, Cemex sources report that the current situation will not be eased by the cancellation of the compensatory tariff [arancel compensatorio] imposed on Mexican cement by the U.S. Government.

The sources added that the panel studying the case will make a decision no earlier than late July. "We believe the conflict will be solved next year because 1996 will be an election year, and a new Commerce Secretary was recently appointed in the United States," they said.

Mexico: Zedillo on Economic Recovery, Visit to Canada

PA0906125896 Mexico City NOTIMEX in Spanish 1755 GMT 7 Jun 96

[FBIS Translated Text] Ottawa, 7 Jun (NOTIMEX) — On the eve of his first official visit to Canada, Mexican President Ernesto Zedillo has termed his economic recovery program as the best solution to his country's financial crisis, which began in December 1994. "We are proving that the path to recovery we have taken is the shortest and safest one," the president said in an interview published today by Toronto daily THE GLOBE AND MAIL.

President Zedillo, who will officially visit Canada from 10 to 14 June, admitted the crisis had a hard impact on his country and pointed out that "it is difficult to explain to the population that there is no alternative but to take the bitter medicine."

Zedillo will visit Ottawa, Toronto, Calgary, and Vancouver, where he will meet with prominent businessmen, especially from gas companies, which are quite interested in investing in Mexico's gas distribution systems.

In addition to meeting with Canadian Prime Minister Jean Chretien in Ottawa, the Mexican chief of state is

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expected to meet, also in Ottawa, with representatives of approximately 20 human rights organizations to talk about his country's political opening.

Zedillo told THE GLOBE AND MAIL that the fact that Raul Salinas, former President Carlos Salinas' brother, has been confined to a maximum security prison for corruption charges shows his government's desire to let legal proceedings follow their course.

The president stressed that, during his tour of Canada, he will have one positive report to share: The fact that the Mexican economy is already on the path of recovery and his determination to move the country forward toward a democracy that really works.

In this regard, he said that Canada and Mexico have a great deal in common, such as their desire to maintain good relations with the United States, [word indistinct] too much to this country.

He added that the two countries' coordinated opposition to the Helms-Burton law, as well as the natural consequences of the strengthening of their diplomatic relations as a result of NAFTA, are "impressive." "Our interests are almost identical," the Mexican head of state pointed out. His visit's main objective is to promote Canadian investments in his country.

The fact that Zedillo's visit to Canada will be the longest visit he has made to a single country constitutes proof of the two countries' special relations. During his visit, he will deliver a speech before the two parliamentarian chambers, which is a distinction the Canadian Government grants to very few chiefs of government.

Among the various state visits made to this country, only that of President William Clinton has been granted this privilege since Chretien took office in the fall of 1993. A Canadian Government official told NOTIMEX that this privilege will now be granted to the "third friend, as a token of our appreciation to Mexico."

Mexico: Finance Secretary Views Origins of Crisis

PA0806232096 Mexico City REFORMA in Spanish 6 Jun 96 p 1

[Report by Cesar Sanchez Novoa — received via Internet]

[FBIS Translated Text] Guillermo Ortiz Martinez, Finance and Public Credit secretary, has said that Mexico's financial crisis does not stem from the fact that banks have been made public or have been privatized at high prices, but from a rapid credit expansion and deficient supervision.

While participating in the 8th IMEF [Mexican Institute of Financial Executives] 96 National Forum, he explained that the financial problems worsened because of the effects of the crisis, the increase of interest rates, and the drop in demand. He added that it will again take Mexico some time to have a healthy and consolidated banking system.

Ortiz stressed that, so far, all the support given to banks has not been directed toward shareholders and bankers, but rather toward savers and debtors. He pointed out that, between 1989-1994, banks increased their private credits too fast by freeing resources, which were previously used to finance the public deficit, and using them for loans to the private sector.

"This credit expansion was done in too short a time. I believe that, when banks were public or private, they did not have enough time to carefully analyze the risks and implement effective administrative credit policies," the finance secretary said.

In speaking to those attending the forum, he maintained that Mexico could record economic growth rates larger than 3 or 4 percent, adding that he does not guarantee that these rates will be seen starting in 1997, but that they could be achieved, because the country has enough elements to do it.

Ortiz emphasized that economic growth will be the key issue of the current administration. He also said that foreign analysts currently, on average, forecast that the exchange rate by year's end will be at 8.50 pesos to the dollar, while domestic analysts forecast it at approximately 8 pesos to the dollar. Ortiz pointed out that, in early 1996, these estimates were above 10 pesos to the dollar.

In addition, he explained that this improvement in expectations stems from the favorable results certain economic indicators have shown throughout the year.

The government official underscored that it cannot be said that the exchange rate is undervalued or overvalued, because there are various methods to gauge it. Because of this, keeping a free exchange rate floating system is advisable to achieve a balanced exchange rate.

Mexico: Sentenced EZLN Members Released From Prison

PA0706153396 Mexico City NOTIMEX in Spanish 0025 GMT 7 Jun 96

[FBIS Translated Text] Tuxtla Gutierrez, 6 Jun (NOTIMEX) — Two alleged members of the Zapatist National Liberation Army (EZLN) — Javier Elorriaga Berdegu and Sebastian Entzin Gomez, sentenced to 13 years and six years, respectively — were released today.

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The decision was reported by Gilberto Castellanos Salazar, director of the Cerro Hueco Uno Prison, located in this state capital in southeastern Mexican state of Chiapas.

Mexico: Editorial Views Diplomatic 'Victory' Against U.S.

PA0906160396 Mexico City REFORMA in Spanish 7 Jun 96 p 1

[By Adolfo Aguilar Zinser: "The Giant and the Ant Hill" — received via Internet]

[FBIS Translated Text] This week, in Panama, the Mexican Foreign Secretariat obtained its first victory in years when it promoted the OAS General Assembly resolution on the already well-known Helms-Burton law. This is the first time since the turbulent days of the Contadora Group that Mexican diplomacy stood its ground in the face of U.S. diplomacy and successfully promoted in an international forum an action that Washington explicitly described as hostile, hasty, and cowardly.

In commenting on the OAS resolution cosponsored by Mexico, Nicholas Burns, a U.S. State Department spokesman, said angrily and arrogantly yesterday: "We are going to implement the law and our friends must understand that." He warned: "I believe that in making public statements on this issue the United States has demonstrated a notable degree of patience." He added: "I think that the countries that are lambasting us should take a break, cool down, and understand that we are going to implement this law." This was his cautioning and verdict for those who, like Mexico, want to put the offensive superpower under the fragile net of international law.

The Clinton administration says that the Helms-Burton law is a domestic law that the OAS does not have nor should it have jurisdiction over, but it cynically sustains at the same time that the domestic legislation that penalizes enterprises from the United States or from any other country that do business with Cuba, has full and legitimate validity throughout the world.

The attitude and behavior the United States assumed because of international irritation over this matter has been like the reaction of a clumsy and aggressive giant who puts his foot on an ant-hill, knowing that he can easily crush the ants, but still finds himself being harassed, overwhelmed, and bitten. The U.S. imperialistic flaunting has a deity-like pose that evokes memories of the days at the end of last century when that nation went into the world viewing itself as a conqueror, a redeemer, and a sheriff. In the fertile plains of that nation must live many, very many, North Americans like those of those days; credulous and naive men and women full of patriotism who are sure they are doing humanity a great favor by economically strangling Fidel Castro using the coarse and not too friendly methods proposed by their ideologists. The declarations and attitudes of the politicians and diplomats who defend the implementation of the Helms-Burton law contain a calculated dose of surprise and just indignation because, supposedly, all of the countries and businesses of the world should docilely obey the orders of the U.S. Congress and submit to its prohibitions for their own good and for the collective benefit of capitalism and democracy.

Rhetorical misreadings like this indicate that the main addressee of the zealous speeches and the Quixotic admonishing is the voters. This message is, rather than a diplomatic position, something for domestic consumption. In U.S. politics there are Mexican-style elements as well. The presidential campaign doesn't involves only President Clinton, secretaries and under secretaries of state, official spokesmen, and ambassadors are riding with him.

Over there, the government apparatus uses its persuasive force and its authority, just like in Mexico, so the boss can win the election. Over there, of course, they don't go about the same way, shamelessly using public funds, personnel, and installations. The biased stance of the public apparatus appears not in the form of budget fund deviations, but in the making, omitting, or postponing of political decisions and national and international stances, to make them correspond, as closely as possible, to the strategy and demands of the elections campaign. The central goal of this stance is to share and to arouse the cheap patriotism that engulfs the U.S. people. Clinton wants to astutely crush, neutralize, and drown Dole and the Republicans with a blitz of rightist patriotism.

Placed by circumstance and time in an arena that is basically of an electoral nature, the Helms-Burton law represents a high-impact political and propaganda tool, but it is also a very risky diplomatic venture. Clinton is supporting and using this absurd law because Bill, as he is known by the majority of the current political leaders of that nation, both republicans and democrats, is a pragmatic man with not-too-firm convictions, who is being led by his personal ambitions. The administration knew that the initiative of its adversary and negative critic, the arch-rightist Helms, was crazy, so crazy that the administration clung to it politically and snatched it away from he who introduced it, trusting that even after being approved, the law would be inapplicable and would not go into effect. The administration took advantage of the law's immediate electoral usefulness,

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thinking that, after all, it would only be a transitory law, a bold show that should last from now until the elections in November, after which time, the administration would somehow dispose of it. The White House also thought that by winking at the countries negatively affected by the law, they would understand the strictly electoral meaning of the measure. It believed that its friends, allies, and partners would be patient and would not react, or that in any event they would not respond with the virility with which they reacted. But Clinton's stratagem failed. The mere approval of the Helms-Burton law and its ambiguous implementation set in motion an avalanche of imperial arrogance and impositions from which Clinton cannot step down. The president fell in his own snare; he put his foot on the ant-hill.

In a somewhat grotesque manner, on Wednesday the State Department spokesman admonished the Latin American countries, but at the same time asked them, with a wink, to take it easy, to take it not so seriously. In a report on the news conference in the State Department, Burns is quoted as saying: "If in fact what the countries and organizations of the world are trying to do is have us revoke or modify the law, I do not believe this is a realistic proposition in 1996...nor in 1997." In my political opinion, looking beyond the tone and the language used, this message means that the law will be filed away after November. This is, therefore, more a plead than a threat. However, this ambiguous and oblique message of the Clinton administration is not getting through, not even to Tlatelolco [the Mexican Foreign Secretariat], which in recent years has listened to everything that the United States has said. Modern U.S. politicians, such as jovial President Clinton, do whatever is necessary to see their electoral ambitions come true, even swallow the bitter ideologic elixirs of their rivals.

The Mexican accomplishment in Panama is really undeniable. Nothing should be taken away from the Foreign Relations Secretariat and its forsaken professionals. We can only hope that in the future, when defending poor, hard-working Mexicans who cross the border on foot, Mexico's diplomacy will be as gallant and as vigorous as it evidently was in defending the interests of rich Mexicans who, after all, would be the ones who would be deprived of their visas to visit California or Colorado.

Mexico: Amendment Intended To Counter Rumors

96CA0207A Mexico City REFORMA in Spanish 4 Jun 96 p 1

[Article by Miguel Angel Juarez — received via Internet]

[FBIS Translated Text] Citizen deputies are attempting to extend the period in which special elections would have to be called in the event of a presidential resignation.

To confront the political groups and interests that "are conspiring against the institution of the presidency," tomorrow the citizen deputies will introduce a bill proposing reforms to Article 84 of the Constitution. The bill would alter the period and procedures for replacing the president of the republic in the event of his resignation or absence.

Deputy Tonatiuh Bravo Padilla explained that Article 84 currently contains a provision stating that if the president resigns before completing two years of his term and Congress accepts his resignation, new elections would necessarily have to be called.

The reform bill, he said, would extend that period to three years. So if the president should resign during the first three years of his term in office, elections would have to be called.

Bravo Padilla felt that this proposal should be introduced as part of the state reform and should be voted on soon so that the Mexican people will not be taken by surprise by those groups in the political system that are determined to destroy the present government.

"We believe that such groups exist. President Zedillo speaks of peace in Chiapas and the Judiciary sentences Elorriaga. He speaks of dialogue and the teachers strike. Those groups do exist, but they are not the Mexican political parties or the Mexican Army, which have shown that they serve the people's interests. Instead, these are groups entrenched within the political system," he said.

Support for the President

In this context, because of rumors that Ernesto Zedillo will resign in December, the PRI [Institutional Revolutionary Party] deputies who are members of the Petition Group yesterday issued a statement in support of the president and against the "authoritarian onslaughts" that are attempting to damage the institution of the presidency. The statement was signed by Raul Ojeda Zubieta, Samuel Palma, Oscar Levin, Gabino Fernandez, Virginia Betanzas, Efren Leyva, Maria Elena Irizar, Francisco Peralta, Jaime Martinez Veloz, Jose Carmen

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Soto, Pascual Juarez, Jose de la Cruz Martinez, Maria de la Luz Lima, Jaime Martinez Tapia, and Maria Elena Ceron Nequiz.

The PRI deputies stated that these authoritarian attacks must be rejected, for only through republican stability and a democratic transition can a better future be ensured for Mexico.

They indicated that because of repeated ambushes, both internal and external, founded on strategies that create uncertainty about the nation's destiny, the Mexican people know that their strength comes from the effort to foster a democratic and republican government sustained by the unrestricted operation of the rule of law.

"President Ernesto Zedillo has the widespread support of civil society and of the nation's political groups, support which is based on the presidential objective of promoting a series of fundamental transformations that will culminate in the democratic reform of the state and in a thoroughgoing electoral reform," they added in the statement.

"Beyond particular viewpoints, which are legitimate, for political progress arises from disagreement, we in the party organizations are alert and prepared to reveal the source and the names of those who are opposing national reforms," they stated.

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El Salvador

El Salvador: Improvement in Respect for Human Rights Noted

PA0806014596 San Salvador CO LATINO in Spanish 5 Jun 96 p 24

[Report by Manuel Arias]

[FBIS Translated Text] Human Rights Ombudswoman Victoria Marina de Avila said today the country's situation has changed significantly in comparison to the previous decade, although the greatest violations of human rights are taking place against the people's economic, social, and cultural rights. The official also questioned the address President Armando Calderon Sol delivered last weekend, noting that it failed to consider the protection that must be granted to human rights and the war on impunity and corruption and, most of all, to a topic that her human rights office has been insistently mentioning, namely, "the preservation of natural resources."

According to Aviles, as the environment deteriorates, whether out of excess or need, the Salvadoran people are destroying the ecosystem, shortening the lifespan of all of the country's inhabitants.

In addition, she feels the economic model the government is promoting is not the most adequate, since it has shredded the social fabric and the consensus, which is why the president's message hints at the situation of hopelessness and despair that thousands of Salvadorans are experiencing. "One cannot govern with one's back turned to the people, their specific interests, and needs. One must stress investment and human resoures. This must not be viewed as a social expenditure, but rather an investment. For that reason, I felt that the president's offer is very important," the official noted.

The human rights ombudsman added that it is very important "to take a look at the countryside" in order to become aware of the difficult situation many Salvadorans are experiencing with regard to health, housing, food, and education, and that the formula to move the country forward must include economic welfare, political freedom, respect for law, and social cohesion.

Aviles inaugurated the "Seminar on Economic, Social, and Cultural Rights Within the Context of Transition in El Salvador," an event attended by representatives of nongovernment organizations, professional groups, and unions, among others.

She said that the chief objective of the Human Rights Ombudsman's Office is to raise awareness among the different social sectors or groups about these rights and in that way contribute to the peace process and the rule of law in the country.

Guatemala

Guatemala: Guerrillas Praised, Joint Resources Suggested

PA0706164596 Guatemala City SIGLO VENTIUNO in Spanish 31 May 96 p 4

[FBIS Translated Text] President Alvaro Arzu confirmed yesterday the government's interest to carry out a joint diplomatic offensive with the guerrillas to seek resources that will allow fulfilling peace agreement obligations.

The president believes that the URNG [Guatemalan National Revolutionary Unity] command will welcome this. He did not hold back in his praises of the way the URNG command is carrying out the negotiation.

Arzu said that the government has proposed that the opposing sides in the peace negotiations work together to obtain resources once the final agreement is signed; he then went on to praise the commanders.

I am sincerely satisfied over the way the commanders are discussing peace. They are doing so seriously, constructively, and positively. That is why it hurts me to see that sectors of doubtful credibility are contesting these discussions, he said.

He praised what he called their mystique for struggle and for peace and ruled out that the government listens to their detractors. The guerrilla commanders and the Army commanders clearly know in what direction that line of peace should flow.

Taking up once more the topic of the joint offensive, the president said that he expects a the guerrillas to have a positive attitude and said that a formal and official proposal to the guerrillas will be made at the appropriate time.

Guatemala: Arzu Appoints Gen De Leon to Copaz Delegation

PA0806154796 Guatemala City Televisiete Television in Spanish 0400 GMT 3 Jun 96

[From the "Channel Seven News"]

[FBIS Translated Text] Within the framework of the peace process, the Army appointed another officer to participate in the direct negotiations with the guerrillas.

[Begin recording] [Colonel Guillermo Cal Davila, head of the Army's Information and Press Department] Based on the proposal by National Defense General Julio Balconi, President Alvaro Arzu decided to name Infantry Colonel Morris Eugenio De Leon Gil, member of the

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General Staff, as a new Copaz [Guatemalan Government's Peace Commission] member, in the group representing the Guatemalan Army.

[Reporter] Morris Eugenio De Leon Gil must fly to Mexico on Thursday together with negotiations coordinator Gustavo Porras and General Otto Perez Molina, current Army inspector general. On 7 and 8 June, Copaz and the Guatemalan National Revolutionary Unity will begin in Mexico an analysis on the topic of the strengthening civilian power and the army's role in a democratic society. Even after De Leon's appointment, a third military member of Copaz has yet to be named. In addition to Porras, the civilian members of Copaz are former Public Finance Minister Richard Aitkenhead and Raquel Zelaya. De Leon served as Army spokesman until 30 June, when he was appointed Quiche Military Zone commander, six months later he was transferred to lead the Zacapa Brigades. [end recording]

Guatemala: Defense Minister Opposes General Amnesty

PA0906121896 Guatemala City SIGLO VEINTIUNO in Spanish 6 Jun 96 p 4

[Report by Carlos Castanaza Rosales]

[FBIS Translated Text] As the resumption of talks between the government and the guerrillas approaches, National Defense Minister General Julio Balconi voiced his opposition to a general amnesty. He commented on a document the Army drafted that deals with the institution's upcoming reorganization. Balconi did not rule out personnel reduction or an strategic redistribution of forces.

When the high-ranking officer was asked about the amnesty, Balconi noted that although there is no official position on this regard, he believes that if an amnesty is decreed it should not be general.

Amnesty should be specifically granted to crimes related to the domestic armed confrontation, the officer added. This means, he noted, that it should include insurgents and military men.

The military leader refrained from providing details about this because it will be subjected to analysis and negotiation within the framework of the peace talks once the reintegration of insurgents to legal life is discussed.

Balconi pointed out that he cannot say whether other officers share his views, because this topic has not yet been analyzed within the military. He added that society in general should also discuss this issue.

As for the peace process, the minister confirmed the Army has a document containing their thoughts about the military reorganization after 35 years of war.

This obligates us, he noted, to conduct a study on strategic distribution. Balconi added that a reduction of military personnel could be included.

As for the percentage of this reduction, the minister pointed out he cannot yet reveal it, because the goals of the institution and the definition of what is understood as national defense must be discussed first given that a decision will hinge on this.

He added that the possibility of appointing a civilian defense minister could be another topic of discussion, but this would first require legal reforms.

This Army document has not yet been handed to the Peace Commission (Copaz), but it is believed it could be helpful for later discussions. The agenda and methodology for this discussion will be determined after a meeting in Mexico on 7 and 8 June.

Balconi said no problems are foreseen within the Army regarding the next issue that will be addressed during the negotiations, and he added that decisions involving the Army should not become obstacles to peace.

Honduras

Honduras: Death of CODEH Head's Stepdaughter Reported

PA0706170796 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 7 Jun 96 p 43

[Report by Nelson Lanza]

[FBIS Translated Text] Tegucigalpa — The violent death of the stepdaughter of Ramon Custodio Lopez, president of the Honduran Human Rights Defense Committee (CODEH), has turned as dark as the night of last Wednesday, when she died.

The woman, identified as Mercedes Emilia Burgos Espinoza (39), died around 2200 on Wednesday after being shot on the right temple as she was driving through the exclusive neighborhood of Lomas del Guijarro.

Burgos Espinoza was driving a white Suzuki Sidekick, license plate No. 2 PK-7644, which crashed against a utility pole. The front part of the vehicle was partly smashed and the top part of the door, on the driver's side, was crushed, apparently as a result of the shot, which exited through the left side of the victim's head.

At first, Burgos Espinoza's death was thought to be a suicide case, but Maria Elena Espinoza, the victim's

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mother, as well as friends of the family do not believe Burgos Espinoza took her life and they have indicated that "it could have been anything, except a suicide."

The distressed mother seems to be right, because there was another bullet in addition to the one that ended the life of Custodio Lopez's stepdaughter. The other bullet exited through the vehicle's windshield, and as a rule, in a suicide case, the weapon is fired only once, especially if the weapon involved is a revolver, as is the case.

The woman, who was presumably dead at the time, drove her vehicle up on the sidewalk and later crashed into a utility pole located on Dominican Republic Avenue, which is the main street of the Lomas del Guijarro neighborhood. Subsequently, according to a watchman who asked to remain anonymous, one single shot was heard.

This watchman has become the only witness of the incident shielded by the darkness and solitude of the night, which cast a veil of mystery over the crime.

The vehicle crashed against a utility pole located right across the house of Finance Minister Juan Ferrera and the watchman was standing on the sidewalk in front of Ferrera's house. This incident took place a few meters away from the homes of presidential designate Walter Lopez Reyes and Ricardo Maduro, former president of the Central Bank of Honduras. Maduro approached the site to see whether he knew the victim.

According to the watchman, the young woman, who worked as a teacher in the bilingual center International School, drove her vehicle from the Professor Enrique Tierno Galvan Street, at a moderate speed, and made a left turn to get onto Dominican Republic Avenue. "All of a sudden, the driver lost control of the vehicle and went up on the sidewalk, crashing against the utility pole. A gunshot was heard in addition to the noise made by the crash," the witness related.

The neighbors came out of their homes and called the Red Cross immediately to report the accident. It was a surprise to everyone that the casualty was not the result of the crash.

The watchman explained that he did not see anyone fleeing the vehicle or anyone firing from another vehicle. If any of this would have happened, he would have been able to see it, because even though it was dark outside, there was enough light, he added.

The Weapon Between Her Legs

DIC [Criminal Investigation Department] agents and police cordoned off and searched the area, but many drivers, including a deputy from the Central American Parliament, did not respect the sign. The latter even argued that he is immune; he later apologized, but the bad example had already been set.

Upon opening the driver's door, the body was found with the head tilted to the right, and between her legs, in her hands was a .38-caliber hand gun, in which four bullets were found.

The detectives said that the two other bullets had been fired, one allegedly striking the victim in her right temple and the other came out the windshield of the car.

Mercedes Emilia Burgos Espinoza, who had three children, Andea, Daniel, and Paolo, lived in Brazil because she was married to a Brazilian citizen. Consequently, at the time the body was examined they found a Brazilian identity card, bearing her name on it plus the surname Fleury.

They also found two sweatshirts belonging to the victim's children, an album, and other belongings

A Note Is Found

Inside the car authorities also found a note, which read: Emy, there is nothing at the hotel. What do we do, must we go south? Call me. Another fax from Panama came in. What do I do? And at the end appears a signature of the person who wrote the above.

Everything that may provide evidence to determine if it was a suicide or murder, including the fingerprints of the victim, were taken to the DIC laboratories, where they will establish the type of crime. Dr. Custodio Lopez, who was very distraught, was unavailable for comment, which we understand. However, Custodio Lopez' son "expelled several reporters from the funeral parlor, telling them to go and make a show somewhere else."

Rene Cantarero Manueles, spokesman for the DIC, expressed that in the next eight days the expert's ruling will be known and steps will be taken to determine the origin of the note. Captain Danilo Orellana, spokesman for the FSP [Public Security Force], stated that the DIC's investigations will determine what kind of crime was committed, because it is too early to say if it was a suicide or homicide.

Honduras: Death of Custodio's Stepdaughter Deplored

PA0706193496 Tegucigalpa LA TRIBUNA in Spanish 7 Jun 96 p 118

[FBIS Translated Excerpt] During the wake for Emilia Burgos Espinoza Flegriu [name as published], stepdaughter of Ramon Custodio, president of the Honduran

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Human Rights Defense Committee (CODEH), held at a funeral home in this capital, Prosecutor General Edmundo Orellana promised him that if there was a criminal hand in this, the crime will not go unpunished.

When Orellana and First Lady Bessie Watson de Reina arrived at the funeral home, Orellana said that he has instructed the Criminal Investigation Department (DIC) and the Forensic Medicine Directorate to dedicate more efforts to solve the case.

He said that in the same manner as Ramon Custodio struggled against impunity in the eighties, he wants to clarify this case, "not by giving several hypotheses as in the past, but by finding out if she committed suicide or was killed."

Orellana said that Custodio did not ask anything from him, and did not say if he had any suspects, as obviously he was very hurt, but that he promised to clarify the death of his stepdaughter.

Calm and Objective

Regarding the possibility that it could have been a criminal action in reprisal for Custodio's defense of human rights, Orellana said he has to be calm and objective in giving his opinion.

Orellana added that since he has not yet received a report on the characteristics surrounding the case, he can only say that this is very painful for Custodio's family, and that he shares their grief, because it is a known fact that the Honduran people owe him for the many years of sacrifice in defense of human rights. [passage omitted]

Honduras: Navy Commander on U.S. Papers' Criticism

PA0806132296 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 7 Jun 96 p 40a

[FBIS Translated Text] Tegucigalpa — Honduran Navy Commander Bruno Fontana Giordano said yesterday that charges that the Honduran military has exchanged military clout for business savvy and is remaining silent about their fortunes is not true and the connotations of such a charge are unimaginable.

The rear admiral said that the article, published recently by THE WASHINGTON POST, is critical and represents, more than anything else, the objectives of the United States.

Fontana said that another article, one published yesterday in THE MIAMI HERALD, reports on information provided by the IMF and the World Bank on military reductions made by Latin American armies in their defense spending.

This proves, he said, that it is a U.S. objective and it should not be interpreted as the Armed Forces having dabbled in business affairs.

The Honduran officer said that it will be very difficult to curtail U.S. arguments in this direction.

Regarding the possibility of an official response from the Armed Forces, the rear admiral said that it is up to General Mario Hung Pacheco to adopt a decision in this regard.

He stated: "Military businesses have existed for approximately 16 years and are part of enterprises managed by the Military Security Institute and it is not possible to question something that is already established by law."

Honduras: Military Head Views U.S. Report on Illegal Acts

PA1006024596 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 7 Jun 96

[Report on interview with General Mario Raul Hung Pacheco, Honduran Armed Forces commander in chief, by Lucia Alvarado and unidentified reporter, place and date not given; from "The Morning Paper" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] General Mario Raul Hung Pacheco, Honduran Armed Forces commander in chief, was asked to comment on the alleged enrichment of members of the Armed Forces. As a matter of fact, some sectors, including human rights groups, have requested an investigation into this matter.

[Hung] "The members of the Honduran Armed Forces make sworn statements and abide by the law. If we are doing something illicit and there is proof, then sue us before the appropriate courts. I can assure you that if one looks at the actions of every one and how he has invested his savings and earnings... [pauses] he has to prove it before the appropriate organizations, courts, or institutions. I reiterate that all the officers of the Honduran Armed Forces submit a sworn statement."

Gen. Hung, some think that the salaries the officers earn cannot justify the big mansions they own. Can you tell us how much do the different ranks earn?

[Hung] "This is speculation more than anything else, because if someone has proof let him come forward with it. What can I say? You can visit my house and I can tell you exactly how I bought it. We are not going to explain that to the news media or to the nation, in view of the uproar. As any citizen, everybody is entitled to live as best he can. In this case, I want to tell you that if anybody has any proof against any officer, he should

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submit it. If he thinks there has been illicit enrichment, he should submit the proof."

How much do a general, a colonel, a lieutenant colonel, and so on earn?

[Hung] "This is public knowledge, of course. The National Congress knows it, since it approves our budget. The Finance and Public Credit Ministry knows it. Everybody knows it."

[Unidentified reporter] "How much?"

[Hung] "The normal salaries. If you want to know how much I earn, I can tell you I earn 8, 9... [pauses] 8,000 lempiras."

How about THE WASHINGTON POST report that says Honduran officers have forsaken their constitutional duty to protect the sovereignty of the nation in order to become businessmen?

[Hung] "The fact is that what a U.S. newspaper or any newspaper says is of no concern to us, because that is not part of our fundamental duty as Hondurans. If a Honduran newspaper says it, it is O.K. But if a U.S. newspaper says it, I would ask what does a U.S. journalist have to do with our national sovereignty? I want to tell you that if the Military Social Security Institute [IPM] has made investments, it has made them here in Honduras, for Hondurans, and by Hondurans. We have not done anything that will harm the gross domestic product. On the contrary, we have helped the national economy. We have invested the resources of the IPM right here in Honduras, and this benefits Hondurans. We generate jobs for Hondurans."

The military chief was insistently asked if the institution has forgotten its true duty here in the country to devote itself to business.

[Hung] "I seriously do not want to pay any attention to what that newspaper said. I want to tell you that what the Honduran Armed Forces do, its mission, does not [words indistinct] with what the IPM does. The IPM is a holding company that owns several companies where the managers of these companies are civilians. They are not officers."

It is said that you have totally changed and struck deals to prevent the investigations into some details, in exchange for being allowed to have this center of influence, namely, the private companies.

[Hung] "Center of influence, in what respect? We cannot strike a deal regarding the national sovereignty, our constitutional duty, in exchange for anything. This is nonnegotiable. I want to say this emphatically: the Honduran Armed Forces... [two-second break in reception], period."

Nicaragua

Nicaragua: Chamorro Travels to Washington for Checkup

PA0606222796 Mexico City NOTIMEX in Spanish 2042 GMT 6 Jun 96

[FBIS Translated Text] Managua, 6 Jun (NOTIMEX) — It was announced in Managua today that Nicaraguan President Violeta Chamorro traveled to Washington on 6 June for a medical checkup after being diagnosed with a neuromuscular disease. She had been resting for the past two weeks.

A Presidency communique stated that the president traveled to the U.S. capital on 6 June for treatment by specialists in that city.

Chamorro was diagnosed with a neuromuscular disease after returning from visits to Canada and Taiwan in mid-May, and she has been away from her office at the presidential palace for the past two weeks.

According to the official communique, the president is only attending to "important state matters" at her residence in the neighborhood of Las Palmas in southern Managua. She has been resting as per doctors' orders, stated the official communique, adding that she will return to Managua next week.

Panama

Panama: Arias Denies Decision Reached on U.S. Bases

PA0706131296 Panama City EL PANAMA AMERICA in Spanish 7 Jun 96 p 1a

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Acting Foreign Minister Ricardo Alberto Arias denied yesterday that Panama has decided to let the United States keep 4,000 soldiers on the isthmus after 2000.

"It is not true. The Foreign Ministry has no knowledge of it, and, therefore, the information (attributed to a top Washington official) is not true, from the Panamanian standpoint," Arias stressed.

He added that the two countries are conducting a process of internal consultation before formally initiating the talks on the bases.

According to Arias, it is not necessary to keep 4,000 U.S. soldiers on the Panama Canal banks to implement the initiative, which Panama p[illegible]sed at the Rio Group, to establish a multinational center to fight drug trafficking.

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Panama: President Remarks on U.S. Military Presence

PA0706172596 Panama City LA PRENSA in Spanish 7 Jun 96 p 1A

[Report by Wilfredo Jordan Serrano and Rolando Rodriguez]

[FBIS Translated Text] President Ernesto Perez Balladares yesterday hinted at the possibility of maintaining a U.S. military presence in Panama after the year 2000 to develop a project that will permit "an effective struggle against drug trafficking and money laundering."

In an impromptu news conference in Bocas del Toro during the closing of the "New Horizons 96" program, the president acknowledged that the project involves "a civilian component and, of course, there will also be military personnel."

He explained that the idea has been discussed on several occasions, first at the Rio Summit, then during a conversation he held with U.S. President Bill Clinton in September 1995, later during his visit to Europe, and now at the OAS forum.

Perez Balladares was categoric in stating that the joint continental effort will "obviously include a large U.S. presence."

Nevertheless, when he was asked about a report asserting there is an agreement with Washington for the permanence of at least 4,000 U.S. soldiers after the year 2000, Perez Balladares stated "there is no agreement, and we only continue to explore different possibilities."

Regarding a new date to hold the exploratory talks to decide whether some U.S. military bases will remain, the president said "I have no important announcement to make and talks are continuing."

Meanwhile, Acting Foreign Minister Ricardo Alberto Arias said U.S. General John Sheehan must be "misinformed." Yesterday, the general said Panama and the United States agreed to maintain 4,000 U.S. soldiers after the year 2000.

According to Arias, the statement was made by a U.S. general, in remarks about which the Panamanian Government has no knowledge. "I presume he is misinformed." Arias added that there have been no type of negotiations between Panama and the United States, "either formal negotiations or exploratory talks," at least in recent months.

The government officials who on occasion meet or see U.S. officials, "touch the topic," Arias explained, but the North Americans reiterate the position they have maintained to date and Panama does the same, the acting foreign minister indicated.

Arias also addressed the issue of how much the OAS General Assembly has cost the Panamanian Government. According to official sources the cost amounted to $700,000. Arias said the OAS contributes a similar amount for the organization of this event.

Nevertheless, he added that all the delegations that came to Panama paid for their hotel stay and services and that this money enters the country's economy. He said the economic impact in Panama will be approximately $1.5 million.

He also denied that the World Congress on the Panama Canal is going to cost $6 million. It will be a much lower figure, he said, adding that the same as in this assembly, the revenue the country will receive will be much higher than the expenditures the government will have to make to organize the congress.

He added that the World Congress on the Panama Canal has the objective of informing the international community of the steps Panama has taken for the transition of the canal. Therefore, its importance will be much greater than the cost the government will have to pay for its organization or the revenue Panama will receive.

"The main objective of this event will be to create confidence at the level of the canal users regarding the effective way that the canal transition is being undertaken and the efficient way that Panama plans to manage the canal after the year 2000," Arias said.

In his opinion, this confidence is not only important but "essential for the future of the Panama Canal." The World Congress on the Panama Canal will be held in Panama City next year.

Regarding the topic of the bases, U.S. Ambassador William Hughes said yesterday no date has yet been set to hold the exploratory talks to determine whether or not the U.S. military bases will remain after the year 2000.

"There is no set date for the resumption of exploratory talks and each of the parties is studying alternatives in this regard," the U.S. diplomat said yesterday.

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Panama: Trade Minister Views Impact of Helms-Burton Law

PA0706185096 Panama City Telemetro Television Network in Spanish 1730 GMT 7 Jun 96

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] Nitzia de Villarreal, minister of commerce and industries, said that Panama must not be sanctioned by the Helms-Burton law. According to the official, the Colon Free Zone maintains a significant commercial exchange which Cuba, which, should it be blocked by the Helms-Burton law, would result in the loss of over $100 million annually.

[Begin De Villarreal recording] No, for now we have not adopted any decision other than continuing trade as it has proceeded thus far.

We believe that, according to an interpretation we have heard from high-ranking officials, this deals with future investments made in Cuba, and not the current trade with Cuba. Under that basis, we believe no sanction is in order. [end recording]

Up to now, the government has not made any decision on ending commercial relations with Cuba, for fear of sanctions within the framework of the Helms-Burton law.

Panama: Chamber President Against Helms-Burton Law

PA0706194596 Panama City LA PRENSA in Spanish 6 Jun 96 p 33A

[Report by Hermes Sucre Serrano]

[FBIS Translated Excerpt] Juan Jose Vallarino, president of the Panamanian Chamber of Commerce, Industries and Agriculture, said the Ernesto Perez Balladares administration should act firmly to prevent the Helms-Burton law, which is a U.S. domestic problem, from affecting the Colon Free Zone businessmen, who do business with the island.

In Vallarino's opinion, the controversial law contradicts the often mentioned "globalization and trade opening" advocated by the United States, because it limits the regional countries' ability to be competitive in trade.

"I think the government of President Ernesto Perez Balladares should not permit economic interference. Instead, it should support all legal commercial transactions," he reiterated.

The business leader is concerned that on the one hand there are powerful countries insisting that economic barriers must be eliminated and on the other, they approve laws that restrict international trade freedom.

Vallarino made his observations during a meeting at the Chamber of Commerce and Industries which was attended by Chilean Foreign Minister Jose Miguel Insunza.

In addition to the OAS protest over the controversial law, Vallarino told LA PRENSA that the Federation of Central American Chambers of Commerce (FEDECAMARAS) will meet the first week of July to analyze the problem.

As FEDECAMARAS president, Vallarino promised to include the topic in the agenda so that Central America's private sector will firmly express its opinion against this new instrument of economic aggression.

The Chilean foreign minister took advantage of his visit to the Chamber of Commerce to deliver a lecture entitled "Economic Policy in Chile's Foreign Relations." [passage omitted]

Panama: Column Doubts U.S. Law Will End Castro Era

PA0806035396 Panama City LA ESTRELLA DE PANAMA in Spanish 6 Jun 96 p A1

["LA ESTRELLA DE PANAMA's Opinion" column]

[FBIS Translated Text] Aside from the controversies that have arisen over the Helms-Burton law, both in America and in Europe, the fundamental problem is whether it will really serve to put an end to the Castro regime. The doubt arises because for many years the United States has had established sanctions against Cuba, which Fidel Castro has managed to resist, even after losing the substantial economic aid from the former Soviet Union when the communist system collapsed there.

Political analysts from several countries agree that the Castro dictatorship is supported especially because the Cuban people have not been offered a concrete and definite alternative yet; instead they have been given several options — which amounts to none. In other words, the people do not know yet, nor are they able to guess, what their future holds after Fidel Castro disappears or is overthrown. For the time being, the numerous Cuban exiles living in Miami and the rest of Florida are politically divided in factions who claim to have the formula to replace Castro. Others believe, though, that the transition to democracy should be a process carried out by Cubans who have been unable to leave their country and who continue to suffer from endless deprivation and the tyranny that oppresses them.

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Panama: Paraguay Supports Plan for Drug-Fighting Center

PA0906005696 Panama City LA ESTRELLA DE PANAMA in Spanish 6 Jun 96 p A3

[FBIS Translated Text] The Paraguayan Government, through its Minister of Foreign Relations Ruben Dario Melgarejo Lanzoni, has welcomed and is satisfied with the statements made by Panamanian President Dr. Ernesto Perez Balladares during the inauguration of the 26th OAS General Assembly. Panama proposed to establish an international training center to fight drug trafficking and money laundering.

The statements by the Paraguayan foreign minister were made on Monday during a news conference in which he spoke about aspects of his country's foreign policy.

On this initiative, the chief of Paraguay's foreign policy said that he is aware of the efforts by the Panamanian Government in its all-out fight against drugs and related crimes. This measure has the full support of his country, which is a member of the Inter-American Committee for the Control of Drug Abuse [CICAD].

On the "Panama Consensus" document, which was signed last Sunday by the representatives of all 34 OAS-member countries and involves the subject of the Panama Canal, Lanzoni said that his country views the transition process of this waterway to Panamanian hands as a "favorable development, because the geographical position will allow the integration of countries through commerce and the integration of two very important oceans."

"With the capabilities acquired by Panamanians throughout all these years of service, and as it was well said by President Perez Balladares, there will be no difference after the full transfer of such an important waterway, due to the efficiency and the rapid manner with which Panamanians have assimilated this task," said the young, 34 year-old Foreign Minister.

Panama: Official Says Canal To Maintain Efficiency

PA0906011696 Panama City LA ESTRELLA DE PANAMA in Spanish 6 Jun 96 p A2

[FBIS Translated Text] Before the OAS plenary, which is meeting in this city, Doctor Jorge Eduardo Ritter, executive director of the Transition Commission for the Transfer of the Panama Canal, has voiced his full confidence that, "under a Panamanian administration," the Canal will continue to operate "with the same level of efficiency as it has shown so far."

Ritter's comments were made during the OAS's approval of the resolution entitled "The Panama Canal in the 20th Century," which our country presented. The resolution makes a "call on all the states of the region and the world, that have failed to do so, to adhere to the protocol of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal."

The objective of this resolution is for the waterway to "remain safe and open to the peaceful transit of vessels of all nations under fully equal terms."

They [not further identified] also acknowledge the significance that the continuous access to the Panama Canal and the sustained handling of the water basin's ecosystem have for the hemisphere, world trade and navigation.

Ritter pointed out that "long before 31 December 1999, Panama will be prepared to assume its historical responsibility," adding that "this is why we want to make the OAS a party of this singular transfer process through the resolution we proposed, for which we request its support. This process will close the historical cycle that started at the OAS on 7 September 1977, when Jimmy Carter and Omar Torrijos decided to put an end to an obsolete and unfair relation and pave the way for Panama to finally direct its own destiny."

On another subject in his speech, he referred to the bill that creates the Panama Canal Authority and pointed out that it is in the hands of all political parties, business associations, unions, and nongovernment organizations, which will study and examine it.

Panama: 1996-2001 Drug-Fighting Strategies Approved

PA0906032696 Panama City LA PRENSA in Spanish 6 Jun 96 p 4

[Report by Jose Otero]

[FBIS Translated Text] The National Commission for the Study and Prevention of Drug-Related Crimes (Conapred) on 5 June approved the plan for the national drug-fighting strategies, which will regulate the policies the state will implement in its fight against drug trafficking for the next five years (1996-2001).

The document shows the social and political commitment of all the institutions making up the Conapred to cooperate in the fight against the drug affliction. Likewise, it reaffirms Panama's resolve to decidedly contribute to international efforts, to act in solidarity in a concerted fashion with all the world's nations, and to face drug trafficking and all its related crimes.

All the Panamanian state's sectors and people in general are urged to form a solid and unbreakable fence to confront all sorts of drug-related activities.

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The plan, which contains six articles, was signed by Attorney General Jose Luis Sossa, Conapred president; Justice and Government Minister Raul Montenegro; Education Minister Pablo Thalassinos; Health Minister Aida Rivera; and Finance Minister Olmedo Miranda. In addition, Panama Archbishop Jose Dimas Cedeno; University of Panama President Gustavo Garcia de Paredes; Legislator Alberto Aleman Boyd, from the Legislative Assembly's Drug Commission; (Juan Herrera), executive branch representative; and First Lady Dora Boyd de Perez Balladares signed the document.

Attorney General Sossa said that Panama has not escaped from the demand for drugs and the revenues they generate, which have contributed to the increase in the addiction indexes and the extension and diversification of organized crime. He added that many years of experience have proven crime cannot be faced with actions and measures taken in an isolated fashion, but with a coordination that allows strict controls.

Panama: Economist Urges End to U.S. Military Maneuvers

PA0806163196 Panama City EL UNIVERSAL DE PANAMA in Spanish 8 Jun 96 p B7

[Article by economist Roberto Mendez]

[FBIS Translated Text] President Ernesto Perez Balladares and the U.S. Government continue to employ the fallacious argument that the U.S. military bases contribute to combat international drug trafficking in order to justify their intention of extending the stay of those bases after 2000.

As part of that campaign, President Perez Balladares expressed in Rome on 11 April his willingness to make a pact with the United States to extend the stay of the bases beyond 2000.

In conjunction with Perez Balladares' remarks, U.S. Ambassador to Panama William Hughes was recommending "joint actions" between the Panamanian Police and the U.S. Army to destroy "200 clandestine landing strips" allegedly used by drug traffickers in Darien Province.

The following 16 April the Foreign Ministry announced it had authorized the U.S. Army to conduct "military exercises" from 20 April to 7 May in Darien on the border with Colombia. The Foreign Ministry's press office affirmed that these exercises "would include" flights over Darien's jungle; translation: They will conduct military actions under the guise of "exercises."

Conducting these kinds of military actions implies a serious problem for nearby villages and the environment and constitute an affront to Panamanian sovereignty. In addition, they create problems with diplomats of neighboring countries, as seen in the recent complaints by the Colombian Government.

The U.S. military bases are no obstacle to the illicit drug trade. On the contrary, they attract this activity because U.S. soldiers consume drugs and participate in the trade, as has been documented on more than one occasion by the local and international news media.

We are, therefore, denouncing this campaign to confuse the people and demanding the suspension of every kind of U.S. military maneuver in Panama.

Panama: Support for Permanence of U.S. Bases Seen

PA0906023596 Panama City EL UNIVERSAL DE PANAMA in Spanish 8 Jun 96 p B6

[Editorial: "Military Bases: An Issue of National Maturity"]

[FBIS Translated Text] Once again, public opinion is considering the question of the permanence of U.S. military bases on our territory beyond the year 2000.

Our politicians still maintain concepts from a past era, in which our historical nationalistic fight to recover the Panama Canal Zone was a priority, even though the people have repeatedly shown in the polls being conducted that they already believe that the era of confrontation is over and support the permanence of these bases.

The fears of our politicians are seen by the opposing opinions expressed by the president of the Republic and the foreign relations minister regarding statements made by a U.S. general that 4,000 U.S. soldiers will remain on the isthmus as a military force after the canal treaties are fully complied with.

We are dealing with the eternal issue of political fear to confront the facts in a world society that already has no borders; under circumstances that, in addition to involving Panamanian and U.S. interests, involve hemispheric benefits; and faced with such imminent and major threats as drug trafficking and money laundering, as well as, in the case of Panama, dangerous conflicts or the presence of armed rebels on our border with Colombia.

Although the issue must be clearly and firmly handled, it must not be subjected to nationalistic passions or emotions without considering all the facts that are related to the advisability of keeping a protective shield against any likely foreign interference. The lack of official policies in this regard, however, along with the apparent tendency to evade the issue, because

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of its political cost, and the lack of an effective decisionmaking process, tend to confuse public opinion even more, instead of clarifying the situation by offering the due social, political, and economical explanations for the meaning of the permanence of foreign military personnel on our territory.

It is imperative for the government to make a decision and put it into practice. In addition, it was accurately concluded in Contadora that the issues pertaining to the Panama Canal are issues that have nothing to do with partisan policies. This is why the rest of our leaders must act accordingly and offer their support for a concerted effort to handle this issue, which is fundamentally significant for the country.

Panama: Renegotiation of Permanence of U.S. Bases Viewed

PA0906042796 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Jun 96

[Report by Alvaro Alvarado; from the "RPC Television News" newscast]

[FBIS Translated Text] The permanence of the U.S. military bases in our country beyond the year 2000 continues to generate contradictions. Pro-government legislator Oyden Ortega, an expert in international affairs, has expressed that important sectors in the United States are opposed to this possibility. Meanwhile, legislator Arturo Vallarino has suggested that Panamanians would support the permanence of the bases in a referendum.

The question of the U.S. military bases continues to be a hot issue. Now, U.S. Government sources have spoken about the permanence of some 4,000 troops in Panama beyond the year 2000.

[Begin Ortega recording] Since last September, when the president of the Republic spoke about this issue with President Clinton, they spoke about a reduced presence. Four thousand troops is not a reduced presence, it is a considerably high presence. I believe, however, that this must be seen within the framework of a formal negotiation, which is currently not taking place, and the final opinion of the people should be expressed by a referendum. The Constitution establishes that any measure of this nature should be approved in a referendum. [end recording]

The United States cannot stay in our country unilaterally, legislator Ortega warned. He attributed the recent publications to the interest of some U.S. political sectors to stay in Panama.

[Begin Ortega recording] But I must also say that important sectors in the United States are opposed to the permanence of the military bases, because military bases are being shut down in the United States itself. Therefore, this measure is not good for the U.S. budget, for U.S. taxpayers. [end recording]

In the meantime, opposition representative Arturo Vallarino did not rule out the possibility that this issue is under evaluation.

[Begin Vallarino recording] I think Panamanians are not surprised over the fact that the United States intends to keep some bases. In addition, the polls that have been conducted demonstrate that Panamanians favor the permanence of some bases on the national territory.

I personally consider that this requires a new renegotiation with the United States, because the current Panama Canal Treaty mandates the withdrawal of all bases. [end recording]

According to Vallarino, the statements that have been made ultimately contain a message from U.S. Government sectors, interested in keeping some installations here.

Panama: Legislator Says Government Wants U.S. To Stay

PA0806190596 Panama City EL UNIVERSAL DE PANAMA in Spanish 8 Jun 96 p 1

[Report by Blas Arrocha]

[FBIS Translated Text] Legislator Lenin Sucre said that the Panamanian Government's true intention is to negotiate the stay of the U.S. military bases in the country; however, the government should explain the conditions of their stay.

Concerning remarks made by the authorities, Sucre said that President Ernesto Perez Balladares and acting Foreign Minister Ricardo Alberto Arias seem to contradict each other.

Acting Foreign Minister Arias said recently that he did deem feasible the stay of the U.S. military bases beyond the year 2000. In contrast, President Perez Balladares suggested that he might negotiate the stay of some bases.

Sucre added that all the messages sent regarding the stay of the military bases in Panama are confusing.

Sucre contended: "At first, the Democratic Revolutionary Party (PRD) indicated that the bases would definitely leave and now it seems that it is saying that the bases are definitely staying. No one knows the true stance of this political party."

He mentioned that the reality is entirely different, because he believes that it is up to the Panamanian people to decide whether the U.S. military bases stay

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or leave, and this should be done via a plebiscite. Sucre stressed that whatever the Panamanian people decide will be done.

He indicated that the government should keep the country abreast of what is being discussed concerning the stay of the military bases in Panama, "because everyone is aware that these talks are taking place. I do not believe these talks are harmful, because any topic or proposal can be discussed with any person and if in the end, there is no agreement on these proposals, no one is obligated to accept them."

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Argentina

Argentina: Defense Minister To Remain Unless Indicted

PY0706134796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0212 GMT 7 Jun 96

[FBIS Translated Text] Buenos Aires, 6 Jun (NA) — President Carlos Menem today emphasized that Minister Oscar Camilion will remain at the helm of the Defense Ministry, "depending on future developments" in court investigations into alleged arms sales to Ecuador.

Menem emphasized: "Doctor Camilion has the presumption of innocence in his favor. Until an indictment is filed against him, the minister will remain in his post."

Menem said he is among those who believe that the minister is not even politically liable for the arms shipments to Ecuador during the war pitting it against Peru, despite the fact that Argentina is a guarantor of peace between the two South American nations.

In remarks to a radio station, the president emphasized that Argentina did not sell arms to Ecuador or Croatia. "Even though attempts are being made to prove the contrary, based on a decree known to everyone, no arms were sold to those countries."

In this regard, Menem denied having received the resignation of Brigadier Juan Paulik, Air Force chief of staff, who had announced that he would resign if any one of his subordinates is involved in the arms sales issue.

Menem said: "I don't see why he has to tender his resignation. If I play along with this line, I would be changing the cabinet all the time."

Argentina: Menem Criticizes Press Freedom Report

PY0706145796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0228 GMT 7 Jun 96

[FBIS Translated Text] Buenos Aires, 6 Jun (NA) — President Carlos Menem today emphasized that he does not harbor the slightest doubt concerning the political bias marking recent ADEPA [Argentine Association of Newspaper Owners] charges on press freedom restrictions and an international consulting company's report on the existence of high levels of corruption in Argentina.

Menem tied the two issues to the current Buenos Aires electoral race, with an eye to the 30 June elections.

Menem emphasized: "This is not happening by chance. I don't believe that this report and ADEPA's charges, which I still don't understand, are happening by chance right in the middle of an electoral race."

A few days ago ADEPA issued a report, harshly criticizing the ruling party's alleged goal of restricting independent press activities.

The "International Honesty" ["Transparencia Internacional"] consulting company released a report in which Argentina is included among the most corrupt countries of the world.

Menem said: "This International Honesty company is not honest at all. Concerning ADEPA, there has never been so much press freedom in Argentina. I therefore do not understand the ADEPA communique."

ADEPA especifically reported the alleged activities of Interior Minister Carlos Corach, who allegedly heads the attempts to curb press freedom.

The president emphasized: "It is not possible to pass judgment on attempts or goals. With this criterion, we would be having this type of communique all the time. I believe that ADEPA's initial and current expressions are very unforunate."

Argentina: Terrorist Linked To AMIA Attack Surrenders

PY0706233996 Madrid EFE in Spanish 2228 GMT 7 Jun 96

[FBIS Translated Text] Trenque Launquen, Argentina, 7 Jun (EFE) — An alleged member of the terrorist group that blew up the Argentine-Israeli Mutual Association (AMIA) on 18 July 1994, killing 86 persons, has surrendered to the Buenos Aires Province Police.

Sources close to the police headquarters at Trenque Lauquen, a town 450 km due west of the City of Buenos Aires, told EFE that Cesar Alfredo Burzone said he decided to surrender to the police because he "could no longer bear the burden of remorse."

Argentina: Man in AMIA Attack 'May' Be Mentally Disturbed

PY0806010696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2317 GMT 7 Jun 96

[FBIS Translated Text] Buenos Aires, 7 Jun (NA) — Federal Judge Juan Jose Galeano, who is investigating the attack on the AMIA [Argentine-Israeli Mutual Association] headquarters, declined to comment this evening on the alleged terrorist who gave himself up to the police in the Buenos Aires Province town of Trenque Lauquen.

Judge Galeano contradicted the alleged terrorist, identified as Cesar Alfredo Borzone, 45, who claimed he worked for Hizballah. Nevertheless, the federal judge

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preferred not to elaborate on the subject until he is sure of his facts.

Judge Galeano told NOTICIAS ARGENTINAS that he had heard rumors of Borzone's surrender, but that he had not received any official information linking him to the attack on the AMIA headquarters.

Before surrendering to the police, Borzone telephoned a reporter from Trenque Lauquen to tell him that he and his wife, Maria Angelica Perez (domiciled in Corrientes Province) had done some "intelligence work" for Hizballah on 5 and 6 June 1994.

Borzone told the reporter he was going to surrender.

Sources close to the Interior Ministry stated this evening that Borzone "already surrendered to the police in Comodoro Rivadavia [Chubut Province] about two months ago." The sources recalled that "the judge who then listened to his deposition released him after submitting him a psychological test."

The sources said Borzone "compulsively confesses to crimes" and "may have a mental disorder."

Argentina: Commentary Views Camdessus Visit

96SM0343A Buenos Aires LA NACION in Spanish 29 May 96 Section 2 p 2

[Commentary by Jose Ignacio Lopez]

[FBIS Translated Text] The public praise that IMF Managing Director Michel Camdessus lavished upon the economy minister was expressed no less fulsomely in the more private meetings he held, regardless of whether Domingo Cavallo was present.

His fourth visit to the country as the top-ranking official of the IMF was therefore a pleasant experience for the economic leadership. Their pleasure was naturally enhanced by the circumstances surrounding the IMF official's visit.

Camdessus' words were not just those of one of the most influential economists at the close of this century of economic globalization, nor could he be regarded as someone overcome by the high spirits prevailing at the conclusion of his term in such a prestigious office.

The Frenchman has been reelected as head of the IMF, and it was that fact that seemed most important to Cavallo's closest associates when they commented on his visit in private. They did not hide their irritation when some people concluded that the presence of the IMF official had to do with imminent deadlines or with regular monitoring of progress toward fiscal goals.

"There are no longer any philosophical differences, and the arrival of IMF missions is nothing new. Personally, I am very pleased by this change," confessed Camdessus Monday night before the distinguished audience convened by the National Academy of Economic Sciences.

And he went even further: "Coming to Argentina today, I no longer see the dramatic symptoms of a crisis, but rather the outlines of what is in many ways a model. My purpose is no longer to teach what we have learned from other countries so much as to learn from Argentina's experience so that we can share the information with others."

Good Management

That was the tone of his messages when he reflected on the lessons learned from the Mexican crisis and emphasized what the government has accomplished not only during the 1990's, but especially since the "tequila effect" was unleashed. In fact, he made it a point to "pay homage to Minister Cavallo, who was the first person in Latin America to suggest to me in the most lucid terms possible that we engage in a dialogue on an issue that today seems obvious: how to turn this crisis into an opportunity," Camdessus repeated more than once during his visit.

According to the IMF's current view, emerging market economies face two related tasks: to create a climate of domestic economic confidence that is propitious for savings, investment, and production; and to convince economic agents, both national and foreign, that these circumstances will remain stable.

Camdessus believes that these objectives require a strategy based on three key elements: 1) consistent and stable macroeconomic policies; 2) far-reaching structural reform; and 3) good government management.

Of the high-ranking officials, both inside and outside the government, who met with the Frenchman during his visit, more than one took particular note of these portions of the presentations prepared by the IMF director.

Essence of the Message

Furthermore, both academicians and former cabinet ministers, and even some current government officials, thought that this was the essence of the message.

With the eloquence for which he is known, and without abandoning the diplomatic style intrinsic to his high rank, Camdessus, speaking of the government's good management, ventured to say that it was a question of creating an institutional and legal framework that will inspire savers' and investors' confidence. "That is why governments must show that they will not tolerate corruption; they must also carry out the functions for which

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they are especially suited, among them, offering reliable public services, establishing a simple and transparent regulatory framework, and enforcing it fairly and guaranteeing the professionalism and independence of the judiciary."

To be sure, the head of the IMF acknowledged that tremendous progress has been made here in deregulation, adopting a more transparent regulatory system, ensuring a dependable justice system, and strengthening confidence. "There is still a way to go, however," he stated.

And many felt that that was the sense of his message, accompanied by this recommendation: "That expectation of excellence in government should not meet with disappointment in this new stage, when all countries are competing for confidence in their markets."

According to that point of view, investors are not satisfied with macroeconomic indicators alone. They also look at corruption, the speed and independence of the justice system, and the efficacy and vigor with which obvious social inequities are dealt with.

Government Reform

The IMF director's visit was not the only occasion for economists and former government officials to congregate; the men who are accustomed to doing battle with public accounts also gathered at their usual monthly meeting yesterday morning. The Argentine Association of the Public Budget, to which former treasury secretaries and experts in government finance belong, discussed the familiar theme of government reform. The brand-new executive secretary of the State Modernization and Reform Unit, Alberto Abad—dubbed the "last of the Mohicans" because he is the only person directly involved with Eduardo Bauza who is still in office, aside from Jorge Rodriguez—and Treasury Secretary Ricardo Gutierrez, a member of the Advisory Board that serves under Abad, both defended the decree that was announced on Friday.

They were greeted with a great deal of suspicion and reticence. The men most experienced in confronting the bureaucracy are skeptical of the method chosen, which calls for each ministry and agency to submit its own proposal, rather than going through an established hierarchy. The latter is the "base zero" methodology suggested at one time by the FIEL study commissioned by the Business Council.

Abad, however, pointed out that the decree provides for the Office of the Cabinet Chief to draw up a draft organizational chart within 30 calendar days. This chart will apply to the centralized public administration down to the undersecretary level, and to the decentralized agencies.

There are two matters that appear to be essential to the reform now being undertaken. One is the provinces' financial situation, and in this connection, formulas are being devised to cope with the phenomenal debt that has accrued.

The other has to do with the Armed Forces and law enforcement agencies, where more than 60 percent of civil servants are employed.

The Defense and Interior Ministries have less than 30 days left to submit plans to modernize their systems for managing personnel, accounting, budgeting, active and retired personnel health care, professional training and education, logistical functions, and educational services in the Armed Forces and law enforcement agencies.

For the time being, work is focusing on the reform of the retirement system, taking into account initiatives already presented by the Military Financial Assistance Institute, with a view to adapting it to a capitalization system similar to that which already prevails in other activities.

Just yesterday, in fact, a group was formed consisting of the deputy chiefs of the Armed Forces General Staffs and headed by Vice Minister of Defense Jorge Baeza.

Bolivia

Bolivia: Minister of Presidency Criticizes U.S. Law

PY0706143096 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 7 Jun 96

[FBIS Translated Text] Minister of the Presidency Guillermo Justiniano has said that the U.S. Helms-Burton Law, which strengthens the blockade against Cuba, has marked a point of tension in the continent because the decision is extraterritorial.

The Rio Group and other regional countries opposition to the law indicates that there is a crisis of foreign policy interpretation, Justiniano said.

All OAS member countries questioned this law that imposes sanctions against entrepreneurs who invest in Cuba. The entire American continent, with the exception of the United States, thinks the measure is outrageous and implies an abuse against the sovereignty of the Cuban island.

It is an important event and the foreign minister has made our country's position at the OAS and the Rio Group clear. These organizations have presented a common position on the matter, the official said.

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Justiniano said that this joint action should induce U.S. President Bill Clinton to make a deep reflection about the matter.

Bolivia: Rights Violations, More Coca Production Denied

PY0706144396 Madrid EFE in Spanish 0027 GMT 6 Jun 96

[FBIS Translated Text] Cochabamba (Bolivia), 5 Jun (EFE) — Bolivian Minister of Government Carlos Sanchez Berzain today denied allegations by coca grower leaders on frequent human rights violations by antinarcotics forces. He also denied U.S. reports on increased coca production.

The minister of government emphasized: "Unfortunately, we are accustomed to generic reports that have recently been filed and that have never been proven. If we draw up a list, we will discover that, in 90 percent of the cases, human rights have not been violated."

The minister of government noted that coca crops in Bolivia have not increased and that, quite the contrary, the government is complying with the eradication timetable that is established every year.

Sanchez Berzain pointed out: "Coca crops in Bolivia have definitively been reduced. For the first time in many years, we eradicated 5,500 hectares last year. So far this year, we have eradicated more than 2,500 hectares."

The minister therefore contradicted two reports drawn up early this year by U.S. sources. In keeping with these reports, coca crops in Bolivia had increased significantly.

Concerning other reports, drawn up by the same sources, alleging that coca production in the Yungas region had increased significantly, Sanchez Berzain noted that the real situation in that area, 100 km north of La Paz, is being assessed.

Sanchez Berzain pointed out that significant coca crop increases would be detrimental to the peasants, as those areas are being used for legal coca crops for traditional use, coca crops that have a limited market.

Bolivia: Labor Group Said Lacking 'Broader Perspective'

PY0706221596 Cochabamba LOS TIEMPOS in Spanish 30 May 96 p A10

[Editorial: "The COB Loses With Poorly Oriented and Badly Directed Strikes"]

[FBIS Translated Text] Without knowing the content of the pension bill or the possible reforms to the social security system, the leadership of the Bolivian Labor Federation [COB] called for a 24-hour general strike. But the strike failed, showing once again that the COB leadership continues to lose, thus further weakening the COB, which is badly directed because it continues the game of activists who practice an odd doctrine.

On the threshold of the new National Workers Congress to be held in Trinidad, the failure of yesterday's strike is a serious setback and a warning to labor leaders about the need to change the demagogues who want to remain in the labor leadership for years without understanding the new realities, and without knowing the role to be fulfilled by leaders who have the obligation to lead the struggle for obtaining better living conditions and promoting social justice.

When the role of unions is distorted and union leaders only struggle for higher wages, lacking a broader perspective for the future, they are making the same mistake practiced by businessmen of the old school who advocated the exploitation of workers. The deviations of the ultra-conservative mercantilists and the infantilism of anarchists help no one and only serve to hurt the community.

Regarding the concrete case of the failed strike, which was called "against the capitalization of individuals, the social security reforms, the creation of the private pension system," etc., the people are not finding a logical explanation. They cannot understand why there is a closed opposition to issues that should be discussed and improved by the labor and political organizations before they are submitted to Congress for consideration and approval. Because of an elemental sense of rationality, it is more important to resort to constructive dialogue than insist on a conflictive attitude that leads to nothing good.

Labor leaders are not taking advantage of past experiences or consulting the rank and file. This is the reason for the repeated strike failures, like the one called for yesterday when labor activities were normal in almost all union organizations. Few people realized there was a COB strike to paralyze the country.

Bolivia: Labor Group Requests IMF Help on Foreign Debt

PY0706221896 La Paz PRESENCIA in Spanish 31 May 96 p 9

[FBIS Translated Text] Leaders of the Bolivian Labor Federation [COB] yesterday held a historic meeting with IMF Managing Director Michel Camdessus. During the meeting labor leaders called upon the IMF to play an important role in reducing the debt of Third World countries.

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Camdessus told union leaders who arrived before the start of the meeting: "Bolivia needs a strong union system."

During the meeting at the Radisson Hotel, held under strict security measures, the COB delegation headed by Carlos Camargo proposed to Camdessus a reduction of the foreign debt because it represents too heavy a burden on countries' social policies.

Camargo said Camdessus took note of the request as an initiative that will be placed before the IMF board of directors. Bolivia's foreign debt totals $4.5 billion.

COB leaders added that the IMF does not seek to change the current unfair economic and social order, or to replace it with a more just and socially oriented system. "Northern countries are not more important than those in the Third World," Camargo said.

The labor delegation also included Juan Ajllahuanca, Jorge Cabezas, Juan Chavez, and Roberto Quirantes. These labor leaders talked about the structural adjustment model decade. They stressed that, despite the social cost, the workers cannot see any positive results.

The labor leaders said promises to create jobs were not fulfilled, poverty increased, and the standard of living is low and critical. They added that the capitalization of state companies created more unemployment.

After the labor leaders made their address — "to show the real Bolivia" — Camdessus recognized that the adjustment policy had a high cost, but stressed that measures were necessary to avoid yet greater costs.

Camargo said the meeting also served to make Camdessus aware that there is popular discontent with the official project to reform the pensions system, which proposes an individual capitalization system as a way to solve the problem.

Camdessus said he supported the government proposal, adding that the decision, in the end, will be made by the government.

At this point there were clear discrepancies because workers proposed a social instead of an individual capitalization system. Camdessus justified the measure as a way to ensure a pension for all, not just for the 20 percent that has insurance today.

At the end of the meeting, which lasted some two hours, the COB finance secretary said the meeting was useful because the workers showed Camdessus a different country than the one portrayed by the government and entrepreneurs.

Brazil

Brazil: U.S. Restrictions on Iron, Steel Exports Noted

PY0706121996 Sao Paulo GAZETA MERCANTIL in Portuguese 5 Jun 96 p A7

[By Maria Helena Tachinardi]

[FBIS Translated Text] Representatives of the iron and steel sector on 4 June gave Francisco Dornelles, industry, commerce and tourism minister, more ammunition for his fight with the United States to improve the access of Brazilian products to the U.S. market.

Dornelles wants to know all the barriers affecting the sale of Brazilian products abroad, especially in the United States, with which Brazil has accumulated successive commercial deficits. In the case of the iron and steel sector, six groups of products have been affected by anti-dumping measures and compensatory duties: thick common steel plates, easy cut leaded and bismuth bars [barras de corte facil], stainless machine thread, stainless steel bars, and seam and seamless pipes.

"I asked the IBS [Brazilian Iron and Steel Institute] to keep me informed about the negotiations that it conducts within Mercosur [Common Market of the South], in the United States, and in the European Union. I will make a case-by-case study," the minister told this newspaper. Last week he received a Foreign Trade Secretariat report including an updated table of the restrictions on sales of orange juice, tobacco, textiles, sugar, fruit, vegetables, and chicken to the U.S. market.

IBS official Rudolph Buhler gave Dornelles a summary with a historical record of the exchange of iron and steel products between the United States and Brazil. The sector deplored the fact that, despite the transformations it has undergone — like privatization, elimination of subsidies, and the reduction of import tariffs — Brazil should continue to be the target of investigations by the U.S. Department of Commerce.

In addition to the negative consequences caused by the surcharges, and of the "permanent threats to file new lawsuits," the sector is concerned about two issues: the "indiscriminate" use of the "best information that is available," that is, data gathered by the Department of Commerce from U.S. entrepreneurs, "which benefit U.S. parties raising complaints" and which cause "substantial damage to the Brazilian iron and steel sector." The other issue is the charge that Brazilian private enterprises continue to carry, in their structure, "the effects of subsidies that existed before privatization."

"This approach has harmed Brazilian exports, as in the case of Usiminas [Minas Gerais Iron and Steel Mills,

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Inc.] and a lawsuit having to do with thick plates. The negative effects, however, have gone beyond specific cases within the iron and steel sector, and may influence the privatization of other sectors," the report says.

The IBS claims that Brazil almost never had full accesss to the U.S. market. This situation also harmed the country during the enforcement of the Voluntary Restriction Agreements (VRA-I and VRA-II), because their quotas were very low, since they were based on export figures of periods in which there were several restrictions on our steel.

Next week Dornelles will deliver a lecture on Brazilian foreign trade during a seminar sponsored by the Brazilian-U.S. Entrepreneurial Council. The session will be attended by U.S. Under Secretary of Commerce Stuart Eizenstat. The minister reported that the Provisional Measure regulating the automobile sector will be reedited on 10 June, without modifications.

Brazil: Outgoing Planning Minister Serra Reviews Actions

PY0706211196 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jun 96 Section 1 p 9

[Speech by outgoing Planning Minister Jose Serra during installation of Antonio Kandir as new planning minister in Brasilia on 4 June]

[FBIS Translated Text] 1. The first objective of my administration at the Planning portfolio was to preserve and strengthen the stability of our currency, that is, the Real Plan. This objective imbued all ministry action in connection with the federal government's budget and with federal enterprises, and our action within the CMN [National Monetary Council] and at the government meetings dealing with macroeconomic issues.

2. Concerning the fiscal deficit, I can tell Your Excellency that the current trend shows improvement, that is, 1996 tends to be better than 1995 thanks to the reduction of costs, the adjustment made by states, and the reduction of basic interest rates by almost 50 percent with respect to their value in 1995. As Your Excellency knows, cost expenditures — I am referring to personnel expenses — last year underwent steep growth because of a simple reason: The readjustments tied on the inflation rate of the past, and the lack of expected inflation rate for the future, which — as happened in the past — would have eroded such readjustments. At the same time, interest rates had to be increased because of the excessive acceleration of economic activities and of the balance of payments problems caused by the Mexican crisis, phenomena that have already been overcome.

3. The supervision of federal enterprises, which is a specific Planning Ministry function, has been extremely successful. Costs were reduced by 4 billion reals [R], and this sector, which has been a traditional source of deficits, closed the 1995 fiscal year with an operational surplus of 0.2 percent of the GDP.

4. Concerning another specific Planning Ministry function, the budget for "other expenses and capital," Your Excellency is aware that we did not hesitate — through vetoes and other measures — to promote a reduction equivalent to one-third of their real value, preserving the Treasury Secretariat from the pressure for funds. It should be established, however, that the reduction of costs had no negative effects on the social area. On the contrary, the expenses made in this sector in 1995 grew by 13 percent with respect to 1994.

5. Incidentally, having been at the Planning Ministry — a privileged observatory — during the past 17 months, I can assure Your Excellency that your government and your proficient cabinet did in a short time what few governments could do in the history of the Republic.

Therefore, there is no reason for this government to adopt a defensive position whenever charged with having done little in the social area or little work in its functions in general. The government of Your Excellency did much and will do much more. I am convinced that the emphasis on the idea of "doing nothing" undermines political debate. It would be fine for all of us if we debated the problem on the basis of what has already been done. Claiming that nothing is being done is very easy and less unpleasant than recognizing what has already been done. Despite this, I please ask you to listen to a list of a few things done within the Planning portfolio.

6. As I repeatedly said, sharing Your Excellency's viewpoints, currency stability is a key precondition. Yet our economic program and our program of government are not limmited to that, because they seek to promote social justice. Price stability has given feasibility to those programs.

7. I would like to mention the constitutional reforms, especially the ones that have already been approved, like those of the economic order, which aim at expanding the incentives and the opportunities for investment. It is necessary to understand that only if we have more savings and investment will we be able to accelerate growth and create more jobs. I want to make this clear, because people frequently forget that in order to increase investment it is necessary to increase savings, yet saving more does not always mean investing more.

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8. From this viewpoint, we extended our close cooperation to the privatization process and to the issuance of concessions for public services, without just giving away public assets, as Your Excellency put it. The CND [National Privatization Council], which I presided over, reorganized the privatization process. The Council's specific job, though, has been done not only by the MPO [Planning Ministry], but also by the BNDES [National Bank for Social and Economic Development] and by the SPE [expansion unknown] of the Finance Ministry. In 17 months, this government collected privatization revenues equivalent to 42 percent of the total privatization revenues collected in the previous five years. We have already started privatizing RFFSA [Federal Railroad System, Inc.], we completed the sale of Light [Power Services, Inc.], and we have prepared the sale of the CVRD [Rio Doce Valley Company].

The operation of four ports will be auctioned this year, while 141 contracts were signed in 1995 renting port areas and facilities. The concessions mean investment in ports, highways, electric power generation, and railroads. What has been done and will be concluded before the end of the year involves approximately R10 billion in future private investment.

With the issuing of regulations by the respective ministries, we will make progress, until the end of this government, toward privatization of the electric power generation and telecommunications sectors.

In the area of privatization, I should mention the innovative role played by the BNDES in the transfer of state-run enterprises. Approximately 10 state-run enterprises that distribute or generate electric power are already on their way to privatization, thanks to the action of the BNDES.

9. Seeking to increase investment and improve competitiveness, in 1995 we increased by 18 percent — in real terms — the volume of financial resources provided by the BNDES, with respect to 1994. For this year, we expect an additional 52 percent increase, reaching a total of R11.3 billion.

Through the BNDES, we also sponsored programs for reorganization of industrial sectors, while we expanded aid to exports, which were further backed with the creation of the exchange rate FAT [Workers' Assistance Fund]. We also laid the groundwork for implementation of an employment program throughout the country, with FAT funds.

10. In the area of investment, we technically supported Your Excellency's decision to create a new automobile regime, which is essential for adjusting the incorporation of the Brazilian economy into Mercosur [Common Market of the South], and for increasing investment and competitiveness in the sector. We made no protectionist closure. We set low tariffs for the importation of capital goods and auto parts and pieces. Exports have been promoted. This measure succeeded. We eliminated the main individual factor in the fast-growing commercial deficit of the beginning of 1995, and we attracted new automobile manufacturers and new investment in several states. Workers are now being hired in Parana, in Rezende, in Juiz de Fora, in Sao Paulo, and in this city's industrial belt thanks to the measure ordered by Your Excellency. That was, Mr. President, the main individual action that your government adopted for attracting private investment and for promoting competitiveness.

11. Also in the area of investment, we redefined our policy toward official foreign multilateral and bilateral financing, by reopening the flow of financial cooperation with Japan, by joining the Andean Development Corporation, by making a better selection of projects, and by providing matching funds. In 1995, we finalized 121 projects, accounting for almost $12 billion in loans, while loans for socioeconomic infrastructure projects worth $6.4 billion have already been approved. In 1995 we doubled disbursements, which were being made at a very unsatisfactory rate. I would like to mention, as an example of new projects, those dealing with the provision of water for the northeastern region, reconstruction of highways, improvement of the public hospital network, and local social projects like those implemented by the Sao Paulo and Rio de Janeiro municipal governments.

12. At the same time, and taking care of the functions corresponding to two ministries that no longer exist, we reorganized the federal government sanitation and housing sector through the Urban Policy Secretariat. We did it by closing the source for financing of those areas operating in Brasilia, which was the focus of — to say the least — the opportunistic practices that inflated cost, wasted investment, and jeopardized FGTS [Severance Pay Fund] assets. New programs were designed: The letter of credit, the pro-housing, pro-sanitation, and pro-completion programs. These are decentralized programs, opening a chance for granting approximately R4 billion for financing housing, sanitation, and job generation programs.

13. In the area of regional development, we recently presented the Plan of Action for the Northeast, which includes some 11 concrete, definite, feasible, and positive actions aiming at reforming the system of incentives, expanding the financing of production, and eliminating bottlenecks in the basic infrastructure area.

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Also in this area, we recently began the program of reform of Suframa [Manaus Free Trade Zone Superintendency], with a view toward increasing its efficiency and toward making it actually useful for the country.

14. However, broader regional action has been provided for in the Four-Year Investment Plan [PPA] for 1996-99, which Congress approved a few weeks ago. It is an innovative plan, which:

(A) replaces individual isolated action with the orientation of investment to promote national and regional integration;

(B) outlines a new geographical prospect, with the Axes of Integration and Development;

(C) identifies the areas that call for partnership with the private sector and other government sectors and international financial organizations;

(D) orients investors and official banks to make investments that supplement the essential projects.

After the approval of the PPA, we outlined a selection system and a follow-up and evaluation mechanism for the government's 100 strategic projects and programs. I would only like to add that the LDO [Budget Guidelines Law] has for the first time provided for priorities and targets that are compatible with the PPA and that are adjusted to the funds that will be available in 1997, thus rebuilding the link between planning and budgeting.

Mr. President: Concerning the work that is being done, I feel at peace with myself as I leave the portfolio. First, I am handing over the ministry to a university colleague, a fellow party member, and a capable man. Second, the valuable team that gave practical support to the work remains untouched.

As Your Excellency knows, I had planned to stay in the government to the end of its term. I ended up making a decision that may surprise many people. The decision, however, is consistent with my public life, which has been marked by a long series of challenges — which began very early at the university and with student fights. The challenges have been posed by my 14-year exile; my return to Brazil; my presence — with Your Excellency — in the final stage of democratization; by the Franco Montoro government in Sao Paulo; by the formulation of the Plan for Government Action of Tancredo Neves; and by eight years in Congress and the four elections in which I participated.

My public life has been marked by two unchanged factors: An obstinant search for solutions for Brazil and for our people, and the permanent temptation to accept challenges. Some friends asked me why I was giving up the power inherent to the functions I was fulfilling in the federal government. They also asked about the electoral campaign effort and the risks involved. I will respond to them that risk and danger can only increase the significance of victory. I learned this from Your Excellency when you had the courage of taking over as finance minister and launching the Real Plan. You recovered the country's self-esteem and reopened the horizon of Brazil's future.

Brazil: Central Bank President Rebuts Dornbusch

PY0706230996 Sao Paulo GAZETA MERCANTIL in Portuguese 5 Jun 96 p A6

[Article by Maria Luquet and Katia Luane]

[FBIS Translated Excerpt] Permanent criticism of the slowness by the government to balance the fiscal accounts has prompted Central Bank [BC] President Gustavo Loyola to say: "The adjustment is slow, yet constant, but it is not being implemented from the top to the bottom." Yesterday in Rio de Janeiro, Loyola explained two methods to revert the market upheaval in light of predictions by Rudiger Dornbusch on the Brazilian economy. The deficit in the government current account will be below 2.5 percent of the GDP at the close of 1996 while the operational public deficit will be below 3 percent of the GDP.

These two figures are encouraging. Calculations by well-known economists show a current account deficit ranging between 2.5 and 3 percent of the GDP can be financed without complications. At the time of the devaluation crisis in Mexico, the Mexican current account deficit stood at 8 percent of its GDP and was growing (and Dornbusch states that Brazil also ran the same risk). Loyola states that the operational public deficit, which by the end of 1995 amounted to nearly 5 percent of the GDP, is also in a falling trend.

Economists agree with Loyola, but hope the fiscal adjustment will not affect the stabilization program. The main issue is: "How much longer must the administration implement the fiscal reforms?"

"For another two or three years," said economist Carlos Langoni, professor from the Getulio Vargas Foundation and former Central Bank president. He said this is the time needed by the U.S. economy to stabilize (according to IMF projections) and therefore begin to reduce international interest rates, which will favor a capital flow to Latin America. He said: "There is no problem in financing a 3 percent deficit in the current account," adding: "The ideal would be to finance it with long term capital." He added that to attract that capital, the stabilization of the economy is important, which is why the fiscal adjustment is essential. [passage omitted]

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Langoni said that if funds obtained from privatization auctions are used to reduce part of the domestic debt, it will help to reduce the interest rates. He nonetheless warned: "We must combine privatization and the appropriate use of those funds with the fiscal adjustment." The World Bank estimates that privatization will raise $10 billion per year in the next few years. Langoni said that money could in theory reduce the domestic debt (the federal administration debt) by 50 to 60 percent over the next five or six years. Of the total income from privatization, the World Bank estimates that 40 to 50 percent may be foreign capital. Langoni forecasted: "Foreign investment participation could amount to 80 percent if the rules were modified."

Economists believe increased foreign investments are important to help modify the profile of the current account deficit financing: It increases the volume of long term capital arriving the country. Langoni said foreign investments in the productive sector will this year amount to $5.5 billion, 20 percent of which will come from companies that have never invested in Brazil before.

Central Bank President Gustavo Loyola responded to statements by economist Rudiger Dornbusch arguing that Dornbusch does not know Brazilian reality. [passage omitted]

Loyola stressed that the U.S. economist's statements are nothing but "intellectual speculations" inherent to any scholar, and that they served only to induce some investors to earn money and others to lose some. He insisted: "His is an opinion that serves market interests and favor speculators." The BC president also ruled out a risk of low credibility in Brazilian economy abroad, saying: "The fact that a professor express his opinions does not mean anything."

Loyola said Brazilian economic indicators contradict the U.S. economist's statements. Brazilian foreign reserves amount to almost $60 billion and exports have risen by an average 10 percent on 1995.

He said: "Brazil has efficient monetary and exchange policies to correct eventual problems. We will not remain still." Loyola foresees that the operational public deficit will drop below 3 percent of the GDP.

The BC president yesterday participated in the 12th International Congress of the Ibero-American Federation of Financial Associations (Fibafin). He announced that the executive branch will soon send to Congress a draft bill creating a risk agency, which will monitor the financial market with the principal purpose of restraining money laundering crimes.

Brazil: Economist Seen Responsible for Market Fluctuation

96SM0348F Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Jun 96

[Article by Celso Pinto: "Market's Preoccupation Is an Irony" — received via Internet]

[FBIS Translated Text] It is ironic that on the same day that the Central Bank announced a net inflow of $3.7 billion for last month, the international market should have been made nervous by the possibility that Brazil will experience an exchange crisis.

The inflow was the result of the so-called commercial exchange rate, which set a record for the year and is comparable only to the euphoria in July of last year. Even allowing for the fact that the floating exchange rate showed a negative result for last month—calculated by some at nearly $1 billion—the abundance of dollars in May means that the exchange reserves must be very close to $60 billion today.

So why the pessimism? Prof. Rudiger Dornbusch of the Massachusetts Institute of Technology (MIT) in Boston was doubly responsible for the run that ended by affecting the price of the dollar and of Brazilian debt securities.

In Sydney, Australia, Dornbusch warned that Brazil's overvalued exchange rate might put it on the same path as Mexico, where the currency collapsed in 1994 and took the dollar with it. In an article published yesterday by *THE WALL STREET JOURNAL*, its correspondent in Rio de Janeiro drew attention to recent speeches by Dornbusch and attributed to the latter the calculation that the real was out of step by from 30 to 40 percent.

On 31 March, *FOLHA DE SAO PAULO* published an interview with Dornbusch in which he made two things clear. First, supporting stabilization by means of high interest rates and an artificial exchange rate without an appropriate fiscal adjustment is suicide. Second, Brazil has time to correct its course before the crisis occurs ("within one or two years," as he repeated to *THE WALL STREET JOURNAL*).

If there is one point on which critics of the real agree, it is that an exchange crisis is not brought on overnight when one has $60 billion in reserves. Another point of agreement is that it is only a question of time until a crisis of that type will occur. Yesterday was just a sample of how nervousness in the international market can fly from Sydney to New York by way of Rio de Janeiro.

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Brazil: Fallout From Economist's Remarks Continues

96SM0348E Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Jun 96

[Article by Guilherme Barros in the "Economic Report" column: "Dornbusch I"]

[FBIS Translated Excerpt]

Dornbusch I

The bomb set off by economist Rudiger Dornbusch was still having an effect within the administration yesterday. Jose Roberto Mendonca de Barros, secretary of economic policy in the Ministry of Finance, felt, more than anything else, that Rudiger Dornbusch's position was a very facile one. He said: "It is very easy to say what he said." Dornbusch had said that if the foreign exchange situation continued as it was and Brazil did nothing, an exchange crisis like that in Mexico would explode within two years. "In other words, if within two years the deficit is not reduced, nothing is done about the 'Brazil cost,' there is no privatization, and all the rest of it, there will be a crisis. This means that if there is no crisis, the reason will be that the government has done what he is recommending," explains Jose Roberto Mendonca de Barros. "That being the case, it is very easy to make any kind of prediction."

Economist Mendonca said that he had spoken with several bankers—including those at Citibank—yesterday, and that none of them approved of Dornbusch's position.

Dornbusch II

Dornbusch's statements also had repercussions outside the administration. Deputy Maria da Conceicao Tavares (PT [Workers Party], Rio de Janeiro) says the government cannot remain impassive when so many people are saying the same thing. "I am not dying of love for Dornbusch or Delfim, but there are many people saying that the exchange rate is too high," says Conceicao. Conceicao also includes Luiz Gonzaga Belluzo, Luis Paulo Rosemberg, Jeffrey Sachs, and even former Minister Jose Serra on her list.

Conceicao argues that if the dollar market has not reacted, the reason is that the Central Bank is preventing it from doing so. "But it is doing so at a brutal cost to the public debt," she says. According to her, the BC still has time to close the gap, which according to her calculations stands at 32 percent.

The deputy feels, however, that it will not be easy to find a solution. "The government is caught in a trap," she says. She knows, for example, that if there were a maxidevaluation, the result would be a disaster for the economy. [passage omitted]

Brazil: Gustavo Franco Scores Dornbusch Comments

96SM0348D Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Jun 96

[Article by Guilherme Barros in the "Economic Report" column: "Counterattack on Dornbusch"]

[FBIS Translated Text] "It is presumptuous of a foreign consultant who devotes only two hours of his time per month to Brazil to speak with the authority of someone who knows the country." That statement comes from economist Gustavo Franco, director of international affairs at the Central Bank, in response to the double dose of bombastic remarks by economist Rudiger Dornbusch, a professor at MIT, over the weekend.

In an article written for *BUSINESS WEEK* and in an interview with *THE WALL STREET JOURNAL*, Dornbusch said the real was overvalued by 40 percent, and he predicted a crisis like that which occurred in Mexico. Dornbusch's statements affected the markets in several Latin American countries. In Brazil, the "Dornbusch effect" was minor. The Central Bank held a small auction for the purchase of dollars and managed to restore normalcy in the market.

"It was an absolutely normal day," Gustavo Franco said in rebuttal. "The market does not react when Maria da Conceicao Tavares says the same things, and market confidence is not going to be shaken by the statements of a foreign consultant," the director of the BC added.

The fact is that one of Dornbusch's characteristics is that of being controversial regardless of whether he is right or wrong. He says he was the only economist to predict Mexico's crisis. Everyone knows, however, that when he did so—again in an article in *BUSINESS WEEK*—the crisis was already knocking at the door. In Brazil, Dornbusch has achieved the feat—at least so far—of being wrong in all his predictions from the days of the Cruzado Plan until now.

Brazil: Kandir on Privatization, Dornbusch

96SM0348C Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Jun 96

[Unattributed article — received via Internet]

[FBIS Translated Text] Brasilia—The pace of privatization will depend on interest rates and on the formulation of rules leading the private sector to take an interest in exploiting the area of public service concessions. "We

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will have more privatizations if we have clear rules and lower interest rates," said Antonio Kandir, the new minister of planning, in his first interview since taking office.

According to the minister, the Ministry of Planning will collect data enabling President Fernando Henrique Cardoso to formulate rules for operating the concessions. Kandir was uncertain about the date for auctioning Banco Meridional, the sale of which was postponed last month. He would confirm only that the Center-West division of the Federal Railroad Network will be sold on the 14th.

Kandir also declined to set a date for auctioning the Rio Doce Valley Company, but former Minister of Planning Jose Serra left behind a complete timetable calling for that firm to be privatized in October. Kandir intends to discuss the matter at a meeting with his advisers today. Studies for determining the Rio Doce Valley Company's value and the method of its sale will be ready by the end of the month. "The timetable for privatizing the firm cannot be established until after the National Privatization Council (CND) meets at the end of June," Kandir said.

In the new minister's opinion, the main function of privatization is to generate the conditions for increasing investments in infrastructure. "The main goal is not to collect more taxes but to expand development. We are not going to grow any further with the infrastructure we have—with the bottlenecks that are beginning to appear," Kandir said.

The new minister said that after China, Brazil is currently regarded as the country with the biggest investment potential. Privatization, said Kandir, will clear the way for the private sector to bring more funds into the country. "Those familiar with the area will bring the funds, and government revenues resulting from privatization can be used to improve infrastructure," he explained.

Kandir said he believed in development only with an intelligent and aggressive information policy. Because of that, he will meet today with experts from the National Bank for Economic and Social Development (BNDES), the Brazilian Institute of Geography and Statistics (IBGE), and the Institute for Economic and Social Planning (IPEA) to discuss that new policy. "I want to encourage the experts to provide information and place Brazil on the Internet," he said.

As a deputy, Kandir worked up a bill to exempt exports from taxes. As minister, he says it is "essential to reduce the tax burden on exports and investments." He says, however, that choosing to work through legislative bills as long as there is no tax reform requires a decision by the administration.

He reacted to the comparisons made by U.S. economist Rudiger Dornbusch between Brazil's situation and what Mexico experienced in 1994. "There is not the slightest justification for it. The Brazilian situation is very comfortable in terms of exchange reserves, direct investments, and the outlook regarding the deficit on current account," he said. According to him, there is also good news in the trade balance, and there is enthusiasm in the world as regards Brazil.

Brazil: BC Head, Others See No Similarity With Mexico

96SM0348B Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Jun 96

[Unattributed article — received via Internet]

[FBIS Translated Text] Brazil today is not in danger of being devastated by a serious foreign exchange crisis like the one that shook the Mexican economy at the end of 1994. That was the main conclusion reached in the debates held at the 12th International Congress of the Ibero-American Federation of Financial Associations (Fibafin) yesterday.

Gustavo Loyola, president of the Central Bank (BC); Carlos Geraldo Langoni, former president of the BC; and Thomas Sargent, an economist from the University of Chicago, agreed that the Brazilian economy was not on the verge of collapse.

"The differences in comparison with Mexico are huge," said Langoni. "Brazil has $55 billion in reserves, the disequilibrium in the trade balance is not all that great, and the deficit on current account represents 3 percent of the gross domestic product (GDP), whereas at the time of the crisis, the Mexican deficit was 9 percent of GDP."

Furthermore, of that 3-percent deficit in Brazil's current account—the deficit amounts to $18 billion—only a small portion is being financed with short-term funds.

"About $5.5 billion consists of direct investments in the productive sector of the economy, $4.5 billion is in the form of unilateral transfers by companies, and another $3 billion consists of funds financed by multilateral organizations," Langoni pointed out.

"That leaves $5 billion, or one-third of the deficit, that is being covered with volatile money. So there is no cause for alarm." Even so, the former president of the BC considers it important that Brazil move in the direction of a fiscal adjustment.

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"It is worth pointing out that the existing gap in the exchange rate may disappear when export taxes are eliminated," Langoni said.

In the opinion of Thomas Sargent, U.S. economist Rudiger Dornbusch meant to say that the Brazilian economy was being faced with strong pressure from the exchange rate and the high interest rates. "His statement indicates that there are some warning signs, examples being the exchange rate and interest rates," Sargent said.

"So if something is not done to control the deficit permanently, Dornbusch will be right sooner or later. Economists are not good at pointing to the exact moment when events will occur."

Brazil: Malan Refutes Dornbusch Assessment

96SM0348A Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Jun 96

[Unattributed article — received via Internet]

[FBIS Translated Text] In a telephone interview with Reuters Financial TV yesterday, Minister of Finance Pedro Malan commented on the statements by economist Rudiger Dornbusch regarding Brazil's current economic policy.

According to the minister, the economist's statements contain something new and something correct. As related by an adviser, Malan said: "The only problem is that the thing that is not correct, and the thing that is correct is not new." By way of example, Malan said that one of Dornbusch's arguments was that because of the Real Plan, Brazil needed to implement a fiscal adjustment.

The minister said that the Brazilian Government was aware of the fact and that it was already making cuts wherever possible. According to him, this year's deficit has already been reduced to half what it was at the same time last year.

In another example, the minister said it was not correct to say that inflation is no longer a problem for the Brazilian Government.

According to Malan, even though the index has fallen from 5,000 percent per year to less than 20 percent, inflation is still a concern for the government, chiefly because prices in our country are still indexed.

Concerning the economist's statement that the real is overvalued by 40 percent, the minister said that "there is not a single economist making that assessment in Brazil."

Brazil: Petrobras Seeks Partners for Amazon Prospecting

PY0706221296 Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 96 p A1, B1

[FBIS Summary] The Amazon Region, which is the largest natural gas reserve in Brazil, has been very poorly exploited. It states that the 82 billion cubic meters of natural gas in the oil-producing provinces of Urucu and Jurua rely on partnership with private enterprises to be effectively exploited. At the Urucu base, 600 km from Manaus, the extracted gas is re-injected as a propellant to extract oil. The article then explains that the construction of a 270-km multipurpose pipeline would help to increase production. Before 1998, the Brazilian Petroleum Corporation, Petrobras, expects to have completed "this project which is worth $391.3 million." It adds that the Urucu base will thus increase its current daily production 25,000 barrel to 45,000, while gas production "will increase more than eight times and reach a total of 6 million cubic meters." The article states that energy-producing companies owned by state governments and the federations of industries of the northern region are the best possible partners to ensure the full implementation of this project. The article adds that the idea is to sign contracts with these entities for future commercialization of the services, and that "before the end of June, Petrobras will inaugurate at the Urucu base four new compressors," thus increasing the local daily production to 24,000 barrels. The article concludes by stating: "A barrel of oil extracted at Urucu costs 6.50 reals and, as a result of the investments being made, this price will rise to 7.15 reals." This is then compared with that of extracting oil form the Campos basin, in Rio de Janeiro State, which does not surpass 3.77 reals.

Brazil: Commentator Views Fiscal Uncertainties

PY0706221496 Rio de Janeiro O GLOBO in Portuguese 6 Jun 96 p 22

[Commentary from the "Economic Panorama" column by Miriam Leitao: "Fiscal Uncertainty"]

[FBIS Translated Text] Although we are already well into June, not even the best experts in public accounts can guess the fiscal results of the federal administration this year. Several factors are still undefined. The federal administration does not know if it wants to keep the provisional tax on financial operations [CPMF] or if it wants it incorporated into other taxes. Consultant Raul Velloso, an expert on public accounts, normally has very clear predictions about the fiscal deficit. Yet this time, even Velloso is confused. He says there is still a great deal of uncertainty.

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Velloso said: "Will the federal administration grant a salary increase to public employees? The tendency now is that pressure in this regard will increase, particularly by the most influential government areas, such as the military."

The biggest uncertainty, however, is on the CPMF. The first doubt is that within a stable economy, a 0.25-percent tax can be too high if it is levied on all financial transactions.

Velloso explained: "As the bill refers to a tax of up to 0.25 percent, we still do not know how much the federal administration will collect if the tax is approved."

Without the CPMF, however, the health area will have a 4 billion real deficit.

Planning Minister Antonio Kandir repeated on 5 June the idea he defended while still a deputy: To gather all taxes into a single one. This adds a reasonable degree of confusion to the approval of the tax that Health Minister Jatene is awaiting.

Kandir's idea is to merge the Social Security Contributions, the Social Integration Program-Government Employees Welfare Fund contributions, and the tax levied on corporations' profit into the CPMF. This would result in a sort of megatax that would be levied on gross profits or sales of enterprises.

Several small taxes are bearable, but if they are put together, the total becomes scary. Estimates predict this tax could be as high as 16.5 percent.

Another uncertainty is about the interest rate. It has dropped noticeably from a nominal 4 percent in 1995 to nearly 2 percent this year.

Velloso wonders, however: "How much more can this rate drop without scaring foreign investors?"

There are more doubts than answers regarding the public accounts. One of the few certainties is that this year's public deficit will be lower than in 1995. This, however, is no real comfort.

Brazil: Minister To Discuss Trade With EU Counterparts

PY0706231296 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 7 Jun 96

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia will meet next week with EU ministers to debate trade relations.

The first meeting of the joint EU-Mercosur [Common Market of the South] will be held on 10 June in Luxembourg and on 11 June in Brussels. The meetings will be attended by 15 European foreign ministers and the four Mercosur foreign ministers.

The main topic on the agenda is a customs cooperation protocol.

Counselor Carlos Simas Magalahes, chief of the Mercosur Division, listed the points that will be included in the protocol.

[Begin Magalhaes recording] It deals with personnel training and improvement of mechanisms, processes, and procedures of custom offices. It is an instrument that Mercosur custom offices will use to improve their services. [end recording]

Lampreia will take advantage of his meeting with EU ministers to specifically address trade relations with Brazil, in the area of bilateral contracts. He will also negotiate the ending of barriers on Brazilian products, especially beef, poultry, coffee, and minerals.

Brazil: Organization of Congressional Blocs Seen

PY0606162596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Jun 96 p 3

[Article by Jorgemar and Gustavo Krieger]

[FBIS Translated Text] Brasilia — Despite firmly resisting blackmail attempts by congressmen, President Fernando Henrique Cardoso finally yielded to pressure from nearly all congressional lobbies to approve a social security reform bill that is totally different from the one initially sent by the executive branch to Congress. Moreover, the president will now have to coexist with the informal lobby of more than 30 unhappy congressmen who call themselves the "awareness bloc" ["bloco de conscientizacao"].

The lobby became official this week during a dinner at the apartment of Deputy Ricardo Barros (PFL-PR) [Liberal Front Party-Parana]. This is the congressional bloc that annoyed Rede Globo television commentator Arnaldo Jabor [on 30 May]. He criticized the new bloc, saying the deputies sought to transform Congress into a shopping mall for illegal bargains. The leader of this new group is Deputy Antonio dos Santos (PFL-CE) [Ceara]. He will be the leader for only a month. A member of the new bloc said the group will change its leader — which the members call the coordinator — every month to prevent him from taking advantage from the bloc during negotiations with the administration.

Despite the formation of this new bloc, the ruralist bloc controls 179 votes and continues to be the strongest bloc in Congress. The administration yielded to the petitions of other congressional blocs during the social security reform voting sessions and opened a breach allowing

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the formation of new blocs like this one of unhappy deputies. The reason is simple: To create more powerful lobbies — even though the are made up of different party members — to support President Cardoso.

These groups always chose the voting sessions that most interest the administration to make their personal demands or to express their unhappiness with some petition turned down by Planalto Palace. To ensure the constitutional reforms are approved, the president yielded to the claims of those who represent the richest.

Deputy Milton Temer (PT-RJ) [Workers Party-Rio de Janeiro] criticized: "The administration only helps bankers, ruralists, and default borrowers. It does not give anything to the workers." Senator Elcio Alvares (ES) [Espirito Santo], Senate government leader, defended: "Pressure groups exist everywhere in the world. We never accepted this. If it ever happened it was not from inside the administration because no one has the nerve to make this kind of claim in person to the president."

The ruralist bloc is the one that most appears in the newspapers. The main reasons for this media coverage is the transparency with which their members obey orders. "They are much more organized than the opposition," said Deputy Marcelo Deda (PT-SE) [Sergipe]. No ruralist bloc member hides the fact that he owns large pieces of land, and when he arrives in Congress he clearly acts in benefit of the interests of his sector.

The ruralist bloc repeatedly triumphs over the administration and is now aiming at the bills that hasten the agrarian reform. Deputy Abelardo Lupion (PFL-PR), a ruralist bloc coordinator, said: "We implement the agrarian policy in Brazil, the administration cannot even organize itself."

Other groups, almost as powerful as the ruralist bloc, act more discreetly, and nonetheless sometimes obtain greater benefits from the administration. The Banking Bloc obtained the Program to Encourage the Reorganization and Strengthening of the National Financial System, PROER. Created through a provisional measure that immediately went into effect without congressional approval, the PROER already disbursed 15 billion reals [R] to private banks. The provisional measure creating the PROER, however, has been placed on the back burner for the past seven months. It was reissued on 31 May and even its rapporteur was changed. Deputy Manoel Castro (PFL-BA) [Bahia] replaced Deputy Benito Gama (PFL-BA). Voting on the provisional measure creating the PROER is being delayed on purpose because there the serious possibility it will be rejected in the lower house.

Unlike the ruralist bloc, nearly all powerful groups in Congress prefer to work behind the scenes. For example, the construction companies' bloc mainly operates inside the joint budget committee. The administration was forced to place vice leader Arnaldo Madeira (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo] in the joint budget committee to prevent schemes to overprice construction projects. During the past few weeks, however, the administration gave in to pressure from the construction companies which heavily sought to modify the draft bill that regulates the participation of foreign capital in the cellular telephone system. Construction companies are great investors in this sector. Following a dispute with Communications Minister Sergio Motta, this bloc — which defends the private sector and which is mainly represented by the PFL — managed to obtain an agreement limiting the government period of influence over the sector to six months.

Even though the economic team is against the creation of the Provisional Contribution on Financial Operations (CPMF), the hospital owners bloc is twice the size of the creators of the Real Plan.

What They Have Already Accomplished and What they Want:

Ruralist Bloc: (179 deputies)

Accomplishments: Renegotiation of the overdue farmers' debts at interest rate of 16 percent per annum: Equivalent price/product payment for farming debts of up to R30,000 reals; conversion of farming debts of up to R200,000. Changes to the Bank of Brazil Provisional Measure, withdrawing articles that gave banks more power to collect debts. Urgency treatment to vote on the draft bill that suspends severance pay for rural workers.

Objectives: To hamper draft bills that create summary expropriation proceedings and that retard court approval for the return of illegally invaded land.

Leaders: Nelson Marchezelli (PTB-SP) [Brazilian Labor Party-Sao Paulo), Hugo Biehl (PPB-SC) [Brazilian Progressive Party-Santa Catarina], and Abelardo Lupion (PFL-PR).

Catholic bloc: (nearly 30 deputies)

Accomplishments: They obtained President Cardoso's veto on articles of the family planning bill which allowed sterilization to be practiced in public hospitals.

Objectives: To maintain the law that prohibits abortion intact and to prevent changes to social principles not allowing marriage between homosexuals and the free use of marijuana.

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Leaders: Father Roque (PT-PR), Helio Bicudo (PT-SP), and Osmanio Pereira (PSDB-MG) [Brazilian Social Democracy Party-Minas Gerais].

Protestant Churches Bloc: (nearly 50 deputies)

Achievements: Maintenance of tax exemption for the churches.

Objectives: Its members are mainly interested in the radio and television channel permit policy.

Leaders: Laprovita Vieira (PPB-RJ), Francisco Silva (PPB-RJ), Carlos Apolinario (PMDB-SP), Philemon Rodrigues (PTB-MG).

Public Workers bloc: (nearly 100 congressmen)

Achievements: They modified nearly the whole social security reform proposals by lifting the age limit for retirement from the public service, and by maintaining special retirement systems for university professors.

Objectives: To stop the administrative reform. To maintain job stability for public employees. To prevent the privatization of public companies.

Leaders: Maria Laura (PT-DF) [Federal District], Prisco Viana (PPB-BA), and Jair Bolsonaro (PPB-RJ).

Telecommunications Bloc: (nearly 300 congressmen)

Achievements: They reduced the Communications Ministry's power to control the entrance of international private capital in the expansion of the cellular telephone service.

Objectives: To end the monopoly on conventional telephone services and to obtain flexible rules for cellular telephone service.

Leaders: Jose Carlos Aleluia (PFL-BA), Renato Johnson (PFL-PR), Beto Mansur (PPB-SP), and Paulo Cordeiro (PTB-PR).

Hospital owners bloc: (nearly 150 congressmen)

Achievements: They stepped up the discussions on the creation of the CPMF which will pay government debts with hospitals that rendered services under the SUS [Unified Health System].

Objectives: To approve the CPMF and to exempt hospitals from paying taxes.

Leaders: Aires da Cunha (PFL-SP), Roland Lavine (PL-BA) [Liberal Party], Inocencio Oliveira (PFL-PE), Jose Pinotti (PMDB-SP), and Alcione Athayde (PPB-RJ).

Construction Company Bloc: (nearly 300 congressmen)

Achievements: Beside obtaining the inclusion of public construction projects in the national budget, they obtained government support to modify the law regulating the entrance of private capital in the cellular telephone service, in which the construction companies are investing. They also achieved benefits in the law on income tax for individuals.

Objectives: To guarantee budget funds and hasten the process of privatization and concession of public services.

Leaders: Jose Carlos Aleluia (PFL-BA), Sergio Nava (PPB-MG), Wigberto Tartuce (PPB-DF), Jose Roberto Arruda (PSDB-DF).

Businessmen Bloc: (nearly 250 congressmen)

Achievements: They benefited from changes in the provisional measure capitalizing the Bank of Brazil.

Objectives: To prevent the approval of measures that imply higher interest rates and to hasten the approval of the constitutional reforms, mainly those to lift the government monopolies, with limits on the entrance of foreign companies.

Leaders: Pedro Piva (PSDB-SP), and Antonio Kandir (PSDB-SP).

Bank Bloc: (nearly 200 congressmen)

Achievements: They managed to make the government create the PROER to save private banks.

Objectives: To hamper regulations on the financial sector.

Leaders: Antonio Carlos Magalhaes (PFL-BA), Benito Gama (PFL-BA), Ayrton Xerez (PSDB-RJ), and Delfim Netto (PPB-SP).

Sugar Mill Owners Bloc: (nearly 200 congressmen)

Achievements: Price increases for fuel alcohol, and the renegotiation of sugar mill owners's debts with the Bank of Brazil. They also benefited from changes in the provisional measure that capitalizes the Bank of Brazil.

Objectives: To guarantee the continuation of the Pro-Alcohol [Alcohol Production] program, and the pardoning of debts with the Bank of Brazil.

Leaders: Teotonio Vilela Filho (PSDB-AL) [Alagoas], Geraldo Mello (PSDB-RN) [Rio Grande do Norte], and Jose Mucio (PFL-PE).

School Owners Bloc: (nearly 200 congressmen)

Achievements: Changes in the provisional measure that increases school fees.

Objectives: To guarantee the deregulation of school fees and tax exemption for private schools.

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Leaders: Ney Suassuna (PMDB-PB) [Paraiba], and Paes Landim (PFL-PI) [Piaui].

Brazil: Ruralist Bloc Losing Force in Chamber of Deputies

PY0706162496 Rio de Janeiro O GLOBO in Portuguese 6 Jun 96 p 4

[FBIS Translated Text] Brasilia — The federal administration has concluded that it has been the victim of bluffing by the ruralist bloc, the one that has been bargaining most in exchange for votes in favor of bills that are in the federal administration's interest. The ruralists say they have 179 votes, but, according to federal administration calculations, they do not have more than 30 votes. The federal administration only realized that after the group was defeated on 4 June. On the occasion, the Chamber of Deputies rejected a request [recurso] to vote on a bill that would make it more difficult to obtain preliminary rulings ordering evacuation of already occupied land. This bill had already been approved by the Constitution and Justice Committee [CCJ]. The ruralist bloc defeat was all the federal administration had been waiting for in order to try to reduce the group's importance and begin to deal with it in accordance with the number of votes it has.

"The size and importance of the bloc had been exaggerated. On 4 June, two large parties (PFL and PPB) [Liberal Front Party and Brazilian Progressive Party] tried to have the request voted on and approved. Even though, the request was rejected. Not all congressmen who vote with the ruralist bloc are ruralists," PFL leader Inocencio Oliveira (Pernambuco) said. On 5 June and having already been defeated, the ruralists said the federal administration had betrayed them. The group added that they had been surprised at the decision of including on the 4 June agenda voting on the request, which had been drafted by Deputy Gerson Perez (PPB-BA) [PPB-Bahia].

The ruralist bloc had not been ready to face the bloc comprised by the three united parties: Brazilian Social Democracy Party, Brazilian Democratic Movement Party, and Workers Party. These parties rejected the request — by 177 votes in favor, 148 against, and five abstentions — and preserved the CCJ decision. The PFL, PTB [Brazilian Labor Party] and the PPB asked for another vote and lost.

Oliveira held talks on 5 June with Deputies Nelson Marquezelli (PTB-SP) [PTB-Sao Paulo] and Abelardo Lupion (PFL-PR) [PFL-Parana], of the ruralist bloc, and only heard complaints from them. The two deputies admitted that their group has lost power, but threatened not to negotiate the possibility of voting in the CCJ the bill that contemplates summary proceedings for agrarian reform purposes, which is scheduled for 11 June.

Lupion said: "I will not discuss anything with the federal administration about the agrarian reform, and summary proceedings for agrarian reform purposes less still. We will try to reject this proposal although we are not sure we have the power to do so."

Oliveira advised the ruralist bloc to change its tactics. He argued that the country's public opinion has been pressing intensively for a solution to conflicts over land ownership.

"You must evaluate the political moment. Society has been calling for solutions. You have to negotiate the bill on preliminary rulings with the Senate and you must do the same thing about the summary proceedings issue, before you lose everyone's support. Confrontation will not work out," Oliveira said.

According to Lupion, the preliminary rulings bill is unfeasible. He said he had held talks with federal judges who admitted that it would be very difficult to comply with what is established in the bill, because it contemplates that preliminary rulings for evacuation of occupied land can only be granted after the various parties are heard. In the opinion of the ruralist bloc, this means that each one of the invaders, and their families, will have to testify before the courts.

Brazil: Roundup of Economic Reports Through 7 Jun

PY0806025096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 7 June:

FINANCIAL OPERATIONS

Joint Ventures With Argentina Seen — The Minas Gerais Service for Support to Small and Micro Firms, which has sponsored meetings between Argentine and Brazilian businessmen in Sao Paulo and Belo Horizonte, has reported that several Argentine entrepreneurs have decided to increase their participation in the Brazilian market and, together, closed business deals totaling more than $18 million. During the Argentine Week fair, which gathered 170 Argentine enterprises in Sao Paulo from 23 to 26 May, Argentine entrepreneurs in the areas of food, cosmetics, textiles, machinery, and equipment held contacts that may result in good business in the future. Rio Negro Province officials have also contacted Brazilian tourism agencies in an effort to increase the number of Brazilian tourists visiting Bariloche. (Buenos

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Aires GAZETA MERCANTIL LATINOAMERICANA in Spanish 2-8 Jun 96 p 13)

Maritime Bridge Goes Into Operation — The Common Market of the South, Mercosur, maritime bridge connecting Buenos Aires to Rio de Janeiro will go into operation on 3 June, when the vessel "Intrepido" — of the TransRoll shipping company — leaves the Buenos Aires Port carrying containers with Volkswagen spare parts. This bridge will reduce the transportation cost from $1,350 to $350 per container. This cost could drop even further because the Rio de Janeiro Union of Stevedores has compromised to reduce their prices by 30 percent whenever the work is for Mercosur member countries. The National Railway Company has also promised to reduce its freight prices for Mercosur member countries. A delegation of Brazilian officials, headed by Rio de Janeiro Governor Marcello Alencar and Industry, Commerce, and Tourism Secretary Ronaldo Cezar Coelho will attend the "Intrepido" departure ceremony in Buenos Aires. (Buenos Aires GAZETA MERCANTIL LATINOAMERICANA in Spanish 2-8 Jun 96 p 5)

Telepar Starts Fiber Optic Network — Parana Telecommunications, Telepar, an enterprise of the Brazilian Telecommunications, Inc. system, has announced a bidding for the purchase of the cables comprising the first stage of the "Rotpar" connection of the 1,500- km fiber optic network that will link the main cities of Parana State. The cost of the project will total some 25 million reals, R, because one meter of installed fiber optic cable costs R17. The network lines will be comprised of 72 underground fiber optic cables. A second stage of the project will involve the installation of an additional 1,600 km of fiber optic cables that will link other cities and towns of Parana State, but probably not with underground cables. Telepar will also invest in the area of cellular telephony, in addition to increasing the number of conventional telephones in the state. (Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jun 96 p C6)

Samsung To Compete in Telecommunications Area — Jin Ku-kang, president of the international Samsung Electronics, will come to Brazil to present, during the Americas Telecom '96 fair, his company's digital cellular telephony system. It uses the modern Code Division for Multiple Access technology. The Americas Telecom '96 fair will be held from 10 to 15 June at the Rio Centro exposition mall in Rio de Janeiro. The Samsung system has already been used with success in the ROK and Chile, where the company invested $200 million in the system's implementation. Samsung Electronica do Brasil is already working in Brazil and has installed a television and video cassette manufacturing plant in Manaus that will involve investments totaling as much as $50 million up to the year 2000. The company is also planning to invest $40 million more to build and put into operation a kitchen appliance-manufacturing plant in the southeastern region of the country. (Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jun 96 p C6)

IDB To Lend Country Billions — The Inter-American Development Bank, IDB, will grant loans totaling as much as $6 billion to Brazil before 1998. The amount the country will add as counterpart, however, has not been defined yet because it will depend on the characteristics of each project. The IDB is also ready to grant loans to the private area without demanding a National Treasury endorsement. Some 47 percent of the $6 billion in loans will be used in programs to reduce poverty, as well as other social programs, including the $600 million earmarked for the Health Ministry program known as Reforsus. In addition, 25 percent will be allocated to programs seeking to modernize the country's infrastructure, including the $750 million that will be used to repair national highways. The loans will have to be paid back in 20 years, with grace periods of up to five years, and the interest rate will range from 6.5 to 7.5 percent. Some $400 million will be used to improve the state's tax collection mechanisms. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Jun 96 p 14)

Globalstar Investing in Cellular System — The Globalstar group plans to launch, in two years, a cellular type of phone with no silence zones and without interference, which can accompany the user throughout the world. The group is investing $2.2 billion in order to put into orbit 48 satellites, plus eight reserve ones. The idea is that, at all times, at least two satellites will be "looking" at the user. Nearly 98 percent of the world's population will be reached by the Globalstar satellites — only the Arctic and Antarctic regions will be out of its reach. The difference between the Globalstar system and the one already in use is that the Globalstar satellites will use a low orbit, connected to gateways installed on Earth. With a multi-use telephone apparatus, it will be possible to use both the conventional cellular system and the satellite one. In Brazil, the system will be under the responsibility of the Globalstar do Brasil company, which is a joint-venture among Brasilstar, Loral Space-Com, and Dasa Daimler- Benz Aerospace companies. An estimated $180 million will be invested in Brazil in order to serve, initially, 400,000 users. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Jun 96 p B9)

Pension Funds Deficit Reported — The Social Security Ministry has conducted preliminary calculations and reported that the pension funds will have, in the future, a deficit of more than 30 billion resulting from the difference between the contributions received by

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the funds and the payments they have to make to their beneficiaries. Based on documents supplied by several government organizations that are responsible for studying the acts of the pension funds — particularly the Complementary Social Security Secretariat of the Social Security Ministry — rapporteur Deputy Freire Jr. of the Tocantins Brazilian Democratic Movement Party painted a worrisome picture. The largest deficits of private social security entities, which total an overall R5.8 billion, involve those of 24 entities sponsored by federal or state administration enterprises or by private enterprises, over the last four years. Four of these — Petros, Valia, Aerus, and Refer — are among the 10 largest pension funds in the country. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Jun 96 p B4)

CMN Increases Funds for Infrastructure — The federal government has increased its investments in the field of housing, basic sanitation, and infrastructure in 1996 to 1.360 billion reals, R, which is more than double than what was originally planned. This was decided during the last meeting of the National Monetary Council, CMN, which established that the resources will come from the FGTS, Severance Pay Fund. It has likewise established that the Federal Savings Bank will finance the infrastructure projects presented by states and municipalities. Planning Minister Antonio Kandir said that the disbursement of these additional resources could generate 80,000 new jobs this year. During the same session, the CMN established a ceiling on the funds that will be used in this same field in 1997, which will be R2.860 million. (Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 7 Jun 96)

FISCAL, MONETARY ISSUES

PROER Seen as Generating Losses — The Program To Encourage the Reorganization and Strengthening of the National Financial System, PROER, is generating losses for the administration. The government has found out that the money it borrows from the financial market is much more expensive than that which it lends. The PROER has thus far cost the administration several billion reals, R. The PROER has already lent R5.9 billion to the National Bank, R2.9 to the Economico Bank, R1.7 to the Federal Savings Bank, R300 million to the Banorte, and R111 million to the Antonio Queiroz Bank. This represents almost R11 billion reals in loans. The fact is that the Central Bank, BC, is borrowing money from the financial market at a higher interest rate than the one it charges to the banks the PROER helps. Last month the Central Bank paid an average 13 percent annual interest rate. Meanwhile, the National Bank, which was partially purchased by Unibanco, paid an 11.5 percent annual interest rate. The 1.5 percent annual interest rate difference does not seem very large, but if the National Bank paid the same interest rate the Central Bank pays to the financial market, the government could earn R60 million per year. Despite this subsidy to the loans, BC Norms Director Alkimar Moura says that no change is foreseen in the PROER interest rates. BC President Gustavo Loyola did not confirm the losses, and defends the PROER. He said that the difference between the interest rates can be increased or reduced according to the market behavior. In defense of the PROER, the BC argues that the loss would be worse if the government allowed the banks to go bankrupt without financial help. (Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 6 Jun 96)

New Financial Assistance for State Banks — Next week the government will launch a new financial line within the Program To Encourage the Reorganization and Strengthening of the National Financial System, PROER. This new financial line will be meant to help state banks, Finance Ministry Executive Secretary Pedro Parente reported that the state banks will be able to receive four kinds of loans from the PROER. They will serve for the following: To streamline and privatize a state bank, to liquidate it, to transform it into development agency, or to create a temporary administration regime, as in the case of Banespa, Bank of the State of Sao Paulo. The states that do not streamline their state banks will have to accept either the liquidation or sale of their state banks. (Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 6 Jun 96)

PRIVATIZATION

New Ceagesp Auction Scheduled — The Sao Paulo administration will again try to privatize the Sao Paulo State General Warehouse and Supply Station Company, Ceagesp, on 20 June in the Sao Paulo stock market. The company could not be privatized in the first auction for lack of people interested in buying it. The minimum privatization price dropped from R65 million to R60 million. Ceagesp's assets are still worth R250 million, but the price has dropped because the company's debt to the Sao Paulo State Bank, Banespa, has increased and now stands at R190 million. The Sao Paulo administration will allow the buyer to negotiate the company's debt with Banespa. Nevertheless, the buyer will have to continue selling, for at least for 30 more months, the basic food bags currently administered by the Agriculture Secretariat. (Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jun 96 p A1)

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Chile

Chile: Editorial Says U.S. Law Violates OAS Charter

PY0706230496 Santiago LA TERCERA DE LA HORA in Spanish 7 Jun 96 p 2

[Editorial: "Diplomatic Cowardice?"]

[FBIS Translated Text] One of the pieces of advice that used to be given to diplomats of the old school was one of examplary simplicity: "Never fail to take advantage of the opportunity to remain silent."

Apparently the U.S. representative before the OAS, Harriet Babbit, definitely does not know that advice. She also does not know the most basic rules of manners that regulate the relations among people who have the delicate task of representing their countries. The single fact that she labeled the OAS resolution rejecting the Helms-Burton Law as "diplomatic cowardice" shows that she lacks tact and talent, which are the essential elements of diplomacy.

Getting into the essence of the issue, the unanimous OAS decision regarding this law proves that not even the NAFTA partners of the United States — Canada and Mexico — share the imperial dream that is hardly disguised in the U.S. law that approves extraterritorial enforcement, without taking into account the meaning of violation of other nations' sovereignty.

But the law not only violates the sovereignty of the nations of the international community; it also violates clear regulations of the OAS and UN charters, contradicts the principles that inspire the actions of the WTO, and, as if that were not enough, disregards the basic rules of international law.

The EU has also reacted against this law that disregards the basic principle of respect for sovereignty. Within this context, it is strange that the United States, despite the adverse international reaction, insists that the Helms-Burton law be respected. It is hoped that after the setback it suffered in an organization that is traditionally favorable to its interests, the United States will change its attitude and choose the path of respect for nations.

Because if the United States stubbornly wants to implement the law, it will awaken the distrust [words indistinct].

Chile: EU Said Concerned Over Development of Soria Case

PY0806011296 Santiago EL MERCURIO in Spanish 6 Jun 96 p C5

[FBIS Translated Excerpt] The EU yesterday expressed concern over the development of the Soria case and reaffirmed its interest in achieving justice in this case which refers to the murder of an international official accredited to the Chilean Government.

The EU position was conveyed yesterday to Acting Foreign Minister Mariano Fernandez by ambassadors of the EU Troika and of the European Commission delegation to Chile.

Minister Secretary General of Government Jose Joaquin Brunner said the government is limited to saying that beyond the results, judicial resolutions must be respected because it is the only way to maintain a state of law. [passage omitted]

Conveying concern over the development of this case, Spanish Ambassador Nubor Garcia, Netherlands Ambassador Steven Ramondt, Italian Ambassador Emanuele Costa, and European Commission Ambassador Kurt Jaul yesterday met with Fernandez.

This diplomatic delegation told the acting foreign minister that in Europe this case is being followed with concern, although it also made it clear that the EU respects the state of law in Chile and decisions of the judicial branch. [passage omitted]

Fernandez categorically denied the judicial ruling might affect Chilean relations with the EU or the new cooperation framework agreement which is to be signed on 22 June in Florence.

Fernandez said: "We believe the position of EU countries, represented by their ambassadors here, and the Chilean position are very clear in the sense that we face a judicial situation that should not affect relations among nations, especially considering the statement issued by the European ambassadors and because these relations refer to economic-commercial negotiations. We believe the two parties — Chile and the EU — are sufficiently mature and serene on international relations as not to link unrelated topics." [passage omitted]

Chile: Insulza Cited on OAS Resolution, Soria Case

PY0806011696 Santiago EL MERCURIO in Spanish 7 Jun 96 p A1

[FBIS Translated Excerpt] Chilean Foreign Minister Jose Miguel Insulza stated yesterday that the OAS resolution rejecting the so- called Helms-Burton Law can by no means be interpreted as support for the current Cuban regime.

"It cannot be understood as a support for the current Cuban situation. It is a resolution on freedom of trade, on economic freedom, and on international law," the foreign minister said.

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Insulza returned yesterday afternoon from Panama, where he represented Chile at the 26th OAS General Assembly. On 5 June he also paid an official visit to that country.

Referring to domestic affairs, the foreign minister denied that the resolution issued by Trial Judge Eleodoro Ortiz definitively dismissing the Soria case through the Amnesty Law had generated some international reaction.

He said that there had been no major reaction and that he had discussed this matter only with some members of the OAS Human Rights Commission. He added that those people are aware that there is still an appeal process under way.

Referring to the concern expressed by the European Union, the troika of which met yesterday with Acting Foreign Minister Mariano Fernandez, Insulza said that he understands the European concern, but believes that we must allow the judicial process to follow its course.

Carmelo Soria, a Spanish citizen who had the rank of an international official, was murdered on 14 July 1976, and the application of the Amnesty Law puts an end to the investigation and abrogates the crime, the sentence, and all its effects. Thus, it favors those who have been prosecuted in this case.

Insulza said he was not too sure about whether this case could be taken to the International Court of Justice, as proposed in the country.

Insulza said: "We as a country and as a government respect international law and are willing to resort to the appropriate organizations. I am not too sure whether it is appropriate in this case to resort to the International Court of Justice. But I think it is still premature to speak about it. The Soria family lawyers themselves have said they are going to appeal to the Supreme Court as a last resort, and we hope it will be done this way in this case. I do not think there is need to make hasty conclusions or to make decisions concerning what will happen in a few more months."

The other subject discussed by the foreign minister was the last round of technical negotiations held in Buenos Aires on a trade agreement with Mercosur [Common Market of the South]. Insulza said that according to reports he had received from Chilean negotiator Carlos Mladinic, the government is "cautiously optimistic" about the possible conclusion of talks and about signing an agreement on 25 June.

One of the OAS resolutions that prompted the toughest discussions this week was the proposal, submitted by Bolivia and approved by 32 of the 34 member countries of the organization, to reject the Helms-Burton law, the intent of which is to reinforce the U.S. trade embargo against Fidel Castro's regime by imposing punishment on U.S. and foreign companies that do business with that island.

According to Insulza, the reaction of the U.S. delegation to this agreement has given the impression that the vote was against the United States. He said that the resolution is a commitment of hemispheric nations that reject that law and those that seek a more thorough legal study of it. He said that the resolution, therefore, only charges the Inter-American Legal Committee with studying this law to determine its compatibility with international law.

He added that taking things as they are, the resolution must have been achieved by consensus because there had been no reason for the United States not to join it, to ask a specialized organization to issue a legal statement. "I hope a reassessment will be made on the matter within the next few days so that we might be able to resolve it in a reasonable manner," Insulza said.

When asked about the OAS objective behind the statement of the Inter-American Legal Committee, Insulza said that it is to clarify what international rules and principles must be applied in this case. [passage on unrelated material omitted]

Chile: Mineworkers Threaten More Actions

PY0706115596 Madrid EFE in Spanish 1041 GMT 6 Jun 96

[FBIS Translated Excerpt] Santiago, 6 Jun (EFE) — Union leaders of the 1,800 mineworkers of the Lota coal mines, who have been on strike since 22 May 1996, have threatened to continue the regional paralysis, and warned that all inhabitants of that area could stage a march to Santiago.

For nine hours yesterday, the mineworkers staged several incidents, such as erecting barricades on access roads to the coal basin, which, in addition to Lota, also comprises the localities of Curanilahue and Lebu, located some 545 km south of Santiago.

The miners are demanding the reinstatement of 97 workers dismissed on 1 May after being accused of continuous absence from their jobs by officials of the state-owned National Coal Enterprise (Enacar), who have imposed a drastic plan to reduce the tremendous losses they have been experiencing for years. [passage omitted]

The mineworkers refuse to resume talks with the negotiating team designated last week by the executive branch unless their 97 fellow workers are reinstated.

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The government, however, claims that there can be no conditions to hold talks and reaffirmed the need to reduce personnel to curb the high losses.

Meanwhile, at the end of a 16-day hunger strike which caused health problems for 20 workers, another group of 20 dismissed workers began a new fast yesterday, accompanied by five women who are wives of workers.

Sources of the United Workers Confederation (CUT), the most important union confederation in Chile, told EFE that the problems of the coal basin represent the most serious social conflict encountered by the Christian Democratic government of President Frei. The sources added that if this conflict is not solved soon, the radicalization of the workers "could become much worse" and "the outcome might be unpredictable."

Nevertheless, all political sectors, both from the government and from the rightist opposition, have rejected the coal workers demand for a retirement pension for the 97 dismissed workers because it would mean granting a "privilege" to one labor sector, which would unleash demands from other workers.

The executive branch has designed a labor reorganization plan, including training, so that the workers dismissed from their jobs will be able to engage in other jobs.

Colombia

Colombia: Charges Filed Against Attorneys General

PA0706183996 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 7 Jun 96

[Report by unidentified reporters; from the "RCN Radio Events" newscast]

[FBIS Translated Text] [Reporter] The Prosecutors Unit of the Supreme Court of Justice [CSJ] has confirmed today that a precautionary measure without bail has been issued against both Colombian Attorney General Osvaldo Vasquez Velasquez and Acting Attorney General Luis Eduardo Montoya Medina. The Prosecutors Unit has filed charges against them for forging public documents and for procedural fraud. According to the Office of the Prosecutor General, these crimes were committed when both the attorney general and the acting attorney general used false witnesses to file a legal case against Prosecutor General Alfonso Valdivieso Sarmiento. Right now, Attorney General Vasquez Velasquez is under arrest at the DAS [Administrative Department of Security] school in (Asidindia) for another case. He is under arrest for alleged illegal enrichment. Now, a second precautionary measure has been issued against him for presenting false witnesses. Acting Attorney General Montoya will also be arrested because of this second case. What will happen next, Victor?

[Reporter] Well, Juan, in order to arrest Montoya, the Colombian Senate must suspend him from his position and it must appoint a new acting attorney general while an attorney general being is chosen, according to what has been explained at the Senate.

[Reporter] Regarding the appointment of an ad hoc attorney general, who will be in office until the current Colombian attorney general's juridical status is defined, the Colombian Senate should receive lists of three candidates from the CSJ, the Council of State, and the Colombian presidency respectively. This decision could be made once Acting Attorney General Montoya is suspended from his position in order to enforce the precautionary measure that has been issued by the CSJ Prosecutors Unit.

[Reporter] Yes, sir. We were now left without an attorney general because the current attorney general is under arrest and an arrest warrant has been issued against the assistant attorney general, who is the acting attorney general. Thus, we are left without an attorney general. We will now we go to where this news is taking place [words indistinct] from the Office of the Prosecutor General.

[Reporter] Yes, Juan. Acting Attorney General Montoya met for two hours with 27 local prosecutors who are seeking a legal solution to the Office of the Prosecutor General's decision to issue an arrest warrant without bail against Montoya.

Colombia: Pastrana Admits To Funds From Laundering Suspect

PA0706174496 Mexico City NOTIMEX in Spanish 1546 GMT 7 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 7 Jun (NOTIMEX) — Andres Pastrana, former Conservative Party candidate to the Presidency of Colombia, has admitted that during his 1994 campaign he received economic aid from Harri Beda, who was arrested in Bogota the alleged leader of a money-laundering network.

Local media sources this Friday affirmed that Pastrana, candidate who opposed the current president, Liberal Party candidate Ernesto Samper — questioned for his ties with drug-trafficking groups — stated that he received 6 million pesos (approximately $7,500 at the time) from Beda.

Pastrana declared, however, that despite his friendship with Beda, he was unaware of the alleged illicit activities Beda carried out. The former candidate expressed

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his confidence that the well-known industrialist and businessman can clarify his situation. [words indistinct] media reports, Beda not only made donations to the campaign, but he was also a member of the Financial Committee of the Conservative political enterprise.

Beda was arrested on Wednesday during the so-called operation "Diamond," whereby a money laundering enterprise was dismantled. This operation was carried out at the same time in several Colombian cities, as well as in Miami and New Jersey, United States.

According to police, Beda and Brigite de Kaplan, a German citizen, were the leaders of the gang, of which four other members were arrested.

During the operation, which was presented to the world as the biggest blow against money launderers, 123 bank accounts and important documents were seized. Colombian authorities even closed down a clandestine bank.

Pastrana did not conceal his annoyance and concern over the case because, he noted, he always trusted Beda was an honest businessman. In a communique, Pastrana said he will await the decision of authorities on this case and the implications for his campaign.

The Conservative politician has been the harshest critic of President Samper, whom he asked to resign several times due to his possible ties with the drug Cali cartel.

Colombia: Pastrana Says Presidency Fabricated Evidence

PA0806175396 Santa Fe de Bogota EL TIEMPO in Spanish 8 Jun 96

[Received via Internet]

[FBIS Translated Text]

1. What He Told EL TIEMPO

When asked by this newspaper yesterday, former presidential candidate Andres Pastrana said "Mr. Harry Beda Malca's contribution, as is recorded in the reports submitted before the electoral authorities, totaled 6 million pesos. I have no knowledge of donations from his companies."

Pastrana stated that the Office of the Prosecutor General already investigated that money and that he reaffirms what he said when the investigations began on President Ernesto Samper Pizano, that if just one peso from drug trafficking went into his campaign he would retire from political life. He also said "Operacion Diamante" started on 22 February 1996, two years after the campaign, and that he cannot comment on subsequent donations.

He said Beda Malca was a member of his campaign's Financial Commission and was asked to join it since they have been personal friends since 1998. According to the information that has come to light, however, "if he committed an offense, he should go to jail, and if he is innocent he must go free."

Pastrana asserted that the only thing he ever received from the Cali Cartel was a sweatshirt that was given to him during his kidnapping, during the time that that organization was working together with other drug cartels.

2. Letter to "QAP"

Ms. Maria Isabel Rueda, Maria Elvira Samper, QAP News Directors; Santa Fe de Bogota.

Dear Maria Isabel and Maria Elvira:

One of your reporters, whose name I decline to mention, although I may do so confidentially, has told me — perhaps a slip, whether voluntary or involuntary I do not know — that the Presidency sent your newscast, through her, a document that seeks to prove the existence of contributions by Beda and his alleged companies to my presidential campaign.

That only proves that this uproar was fabricated by the president when faced with the fact, corroborated by all the public officials, that the credentials of his administration had its origin in a drug lord's money. In the face of conspiracy fabricated from above, I am reiterating once again that not one peso from that source went into my campaign.

Sincerely,

[Signed] Andres Pastrana.

Colombia: Prosecutor General Denies Impunity Prevailing

PA0806002096 Madrid EFE in Spanish 1927 GMT 5 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 5 Jun (EFE) — Colombian Prosecutor General Alfonso Valdivieso today denied that there is a widespread legal impunity in his country because of the release of thousands of guerrillas.

This is how Valdivieso responded to Army Commander General Harold Bedoya, who asked the Prosecutor General's Office to investigate the judges who have released approximately 5,500 guerrillas and 10 security and information agents that worked for one of the Cali cartel's leaders. "It is not true that this is happening, because we have been examining this case by case," Valdivieso said.

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What cannot be done, the prosecutor general affirmed, "is to let an individual stay in prison when nothing against him can be proven."

The prosecutor general pointed out that his office "has been firmly facing the guerrillas and drug traffickers and that Gen. Bedoya is aware of this. He cannot ignore the efforts that are being made."

The Army commander asked Valdivieso to intervene "to prevent impunity" because of the release of 5,500 rebels the troops had arrested throughout the country.

The military leader also asked the prosecutor general to directly intervene in the legal decision to release 10 bodyguards of Cali cartel leader Miguel Rodriguez Orejuela.

Colombia: Prosecutor General To Summon Committee Secretary

PA0806033696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 7 Jun 96

[From the "National Newscast"; monitored from a retransmission by Lima Sistema Unido de Retransmision in Spanish at 0000 GMT on 8 June]

[FBIS Translated Text] [Announcer] The Prosecutor General's Office will summon the secretary of the Accusations Committee who was in charge of taking notes when President Ernesto Samper gave his depositions. The Prosecutor General's Office is also investigating reports of possible irregularities, because it is being said that it is not humanly possible to transcribe 27 pages in the time the inquiry took.

[Reporter Alberto Medina Lopez] (Jose Manuel Delgado Fiallos), secretary of the Accusations Committee of the Chamber of Representatives, and an aide will have to tell a sectional prosecutor how they could type 59,000 characters in only 3 hours and 40 minutes. According to the report filed by the Citizens' Follow-Up Commission [Comision Ciudadana de Seguimiento], only half the deposition could have been typed in such a short period of time.

[Begin Ernesto Michelsen, Citizens' Follow Up Commission president, recording] Inquiries must be free and spontaneous, and the legal counsel cannot participate in it, nor can inquiries be previously typed. [end recording]

[Medina] For Samper's lawyer, the excess characters have an explanation. The president had some statements on a diskette that was included in the inquiry.

[Attorney Luis Guillermo Nieto Roa] People forget that an inquiry is a procedural time for the defense, not for the prosecution. The fact that this scandal breaks now does not surprise me. For instance, the exact same thing happened during Fernando Botero's inquiries, and there was no scandal at the time. [end recording]

[Medina] The reports on procedural fraud and forged documents also involve the president's lawyer, Nieto; (Fernando Gomez), Attorney General's Office's delegate; and investigating Representative Heyne Mogollon; all of whom were present during the controversial 26 March inquiry.

[Announcer] Someone turned on the fan at the Chamber of Representatives, and evidence, not precisely against the president, is emerging. Documents, letters, and papers confusing the investigations with accusations against third parties emerge every day. Let us see who is involved:

[Reporter Anna Fernanda Valderrama] Monsignor Pedro Rubiano: this letter signed by the bishop thanking a cousin of the brothers Rodriguez Orejuela for his cooperation and this picture of his cousin and brother who are being sought for drug trafficking. (Maria Paulina Espinosa): two documents made public by Representative (Marta Catalina Daniels) during her speech involving Espinosa's former husband in drug trafficking. Pablo Victoria: a 25 million peso check from a Cali cartel front company that had supposedly been deposited in one of his accounts. Andres Pastrana: this letter from Alberto Giraldo confessing that he delivered 2 million pesos from the Cali cartel to the former presidential candidate during his campaign for the Santa Fe de Bogota mayor's office. In addition, a contributor to Pastrana's campaign was arrested for money laundering during Operation Diamond.

The emergence of a tape at the Chamber that would leave Santiago Medina in a sorry state is announced for next week. All these documents and accusations involve the government's opponents. They responded that all this, now that the debate has become heated, is not happening by chance.

Colombia: Samper's Lawyer Says Pastrana Hid Fund Sources

PA0806165496 Madrid EFE in Spanish 1841 GMT 3 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 3 Jun (EFE) — Today, Luis Guillermo Nieto Roa, Colombian President Ernesto Samper's attorney, accused Conservative leader Andres Pastrana, the president's rival in the 1994 elections, of creating a system to hide the origin of some donations to his electoral campaign.

Nieto Roa said that Pastrana created a system of regional treasury offices during his campaign "with the possible objective of hiding the origin of donations,"

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and added that the accounting books of those offices were destroyed.

The Conservative politician lost the electoral battle by a very slim margin to Samper. Two days after the elections results were made public, he reported that his opponent could have received support from the Cali cartel.

Pastrana's allegations were revived a year later by Samper's Campaign Treasurer Santiago Medina, after an investigation was initiated by the Prosecutor General's Office. This investigation led, in February of this year, to the presentation of charges before congress against the head of state.

According to Samper's attorney, Pastrana established several offices across the country as distinct legal entities, and therefore, fully independent from the central electoral organization located in Santa Fe de Bogota.

The destruction of accounting books, according to the charges made by Nieto Roa, would make it impossible not only to find out the origin of the contributions collected by those offices, but also whether his campaign violated the legal expense ceiling for each candidate.

The National Electoral Council recently investigated the books of both candidates and asked them to offer some explanations for, in Samper's case, having tripled the maximum allowed legal expenditure, and in Pastrana's, for failing to add the expenses made by the regional offices to the total expenditure.

Samper's attorney made these statements on Radio Cadena Nacional, in the wake of recent news that Miguel Rodriguez Orejuela, considered one of the top leaders of the Cali cartel and who has been in prison since 1995, declared before a panel of judges that he gave money to Pastrana when he was a candidate for mayor of Santa Fe de Bogota in 1988.

According to the "capo," the conservative leader received 10 million pesos (about $32,750 at that time's exchange rate) from the hands of journalist Alberto Giraldo, who was the Rodriguez Orejuela brothers' link to the politicians.

Pastrana rejected those accusations in a statement published today by "LA PRENSA," a newspaper owned by his family. He explains that Giraldo was the campaign manager of his opponent Maria Eugenia Rojas. Rojas is daughter of General Gustavo Rojas Pinilla, who was president between 1953 and 1957.

"That fact alone shows that these accusations are void of any veracity," said Pastrana.

He added that his only connections with drug trafficking were when he was kidnapped months before the mayoral elections in the capital, and his 1994 presidential campaign which, according to Pastrana, was unsuccessful because of the support his opponent received from the Cali cartel.

Colombia: Columnist Reflects on Ongoing Trial

96SM0349A Santa Fe de Bogota EL TIEMPO in Spanish 6 Jun 96

[Commentary by Enrique Santos Calderon — received via Internet]

[FBIS Translated Text] The only thing missing (if in fact anything was missing) was a letter from the Rodriguez Orejuela brothers to President Samper, urging him to "give a new impetus to the legitimacy that you possess," and reminding him that "power is meant to be exercised, without fear of criticism."

One does not know whether to interpret this letter as a warning, a complaint, or a confession. But, from its very tone, it sounds more like the correspondence from some stockholders to the manager. In this connection, someone remarked that what is happening is that "the business owners on the other side also are unhappy." This situation is at least uncomfortable for President Samper, who obviously has not considered himself the one referred to. However, his minister of justice did admit that the message from the Rodriguez brothers had a "slightly presidential tone" (?).

This incident leaves a bad taste, and tends to confirm all the suspicions: a taste and suspicions similar to those left by the fact that representative Carlos Oviedo, who was Chepe Santacruz' (r.i.p.) defense attorney, has proven to be President Samper's most eloquent defender in the Chamber. At Tuesday's session, his penal arguments were quoted by the other representatives advocating Samper's acquittal.

No one disputes a distinguished criminal law expert's legitimate right to defend a client, whoever he may be, or to assist the Rodriguez Orejuela brothers, as citizens, in demanding safety guarantees for their families from the government. What is striking is the significance acquired by certain acts when they coincide under particular circumstances, and in a context such as the present one. A word to the wise....

Added to the preceding are judicial decisions, such as the Constitutional Court's ruling against the secret ballot, the Bogota Superior Court's verdict preventing defender Nieto Roa from speaking in the Chamber, and the summoning of Heyne Mogollon to make a statement before the Supreme Court regarding the money associated with Monteria's notorious small "narco-plane."

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In the social realm there was the heavily attended ceremony at the Hotel Tequendama, at which a multifaceted gathering of business owners, citizens' organizations, leftist groups, students, and political leaders signed the Declaration of Bogota, calling for the president's resignation. After the meetings in Cali, Medellin, and other cities, the Tequendama function is confirmation that the civil society has been set in motion.

On the international front, relations with the United States are continuing their marked deterioration, and there is every indication that sanctions of a different type will occur. In the ecclesiastical area, the voice of the archbishop of Barranquilla has joined in, claiming that "Samper is the axis of the corruption." Meanwhile, in the area of the armed opposition, Alfonso Cano, of the FARC [Revolutionary Armed Forces of Colombia], announced that "there will be no peace with a weak government," and that "any solution to the crisis must include Samper's departure."

When there is agreement between gringos and guerrillas, business associations and civic groups, and bishops and business owners, we should ask ourselves which community and deliberative leaders are supporting the president today. Well, of course, the state apparat, with its immense capacity for stifling voices or buying consciences, and the political class, to be sure.

One must look at the Chamber of Representatives to see one of the few bases of support left to a president who is becoming more cornered every day. There, he still enjoys comfortable majorities, who have assumed his defense as their own cause, because it is. They are in the same boat, and his judges in the Chamber know that they will either sink or swim together.

Regardless of how aberrant this may be in the legal area, it is even understandable from a merely human and personal angle, because many of these congress members are in some way implicated in the same crime for which Samper is being tried.

What is unacceptable, irritating, and contemptible is that Samper's defense is at the expense of the public treasury: in other words, of all of us; that this has been a "due process" greased with legislative discretionary funds [auxilios] (the so-called "allotments for specific assignment"), exceeding 160 billion pesos; and that the beneficiaries of this money are the ones judging him in the Congress today.

The municipality of Chima, Don Heyne's territory, received appropriations exceeding 1.3 trillion pesos, and that is just one example. The Citizens Monitoring Commission [Comision Ciudadana de Seguimiento] has just released a detailed investigation in which it shows how the government has used the famous co-financing funds to benefit the municipalities in which the members of the Accusations Commission have political interests.

But all this, as well as the use of the diplomatic roster or the turnover of notary's offices to buy support for Samper, is already known. However, it is not superfluous to recall it at a time when his altruistic and patriotic defenders in the Chamber are raising the roof, charging Yankee interference and oligarchical conspiracy against the vilified president of the poor.

And now comes the government's "dirty war": the strategy of defaming its critics. This involves a coldly calculated plan that has begun to be put into effect. It is demonstrated by the new charges against Andres Pastrana, and the case involving Monsignor Pedro Rubiano's relatives.

It will not be long before all kinds of charges, lies, or peculiar investigations will appear against business owners, politicians, or journalists (or their family members). It is an attempt to sully the reputation and undermine the image of the president's most visible opponents.

This is one of the last cards (marked, of course) left to a government without credibility: attacking the credibility of its critics. It has now begun to play that card.

Colombia: U.S. Blockade of Firms Linked to Cartel Viewed

PA0806015696 Santa Fe de Bogota DINERO in Spanish May 96 pp 62, 63

[Unattributed article: "The Blockade Has Started"]

[FBIS Translated Text] The U.S. Government has fixed its sight on several countries. For some of them, it has been implementing a commercial blockade for a considerable amount of time. Such is the case with Cuba, Angola, and the DPRK, countries with which no American citizens are allowed to have trade relations. American citizens and businesses cannot have trade relations with other countries identified as international terrorism centers such as Iran, Iraq, and Libya. Serbia, the Serbian portion of Bosnia, and Montenegro fell under this category until not long ago.

However, new names have been added to the list, and Colombia has become a member of this select club. We have to point out, however, that the sanctions against our country are focused on the "Special Designated Narcotics Traffickers" [previous four words published in English] or "SDNT," who are individuals having alleged ties to Colombia's drug trafficking. The list is made up of the four Cali cartel chiefs: the Rodriguez Orejuela brothers, Jose Santacruz (R.I.P.), and Helmer Herrera,

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as well as their front companies. The assets and bank accounts these businesses and companies have in the United States have already been frozen. However, things go beyond the simple blockade by the distant North.

The origin of the blockade on assets stems from an order President Clinton issued on 21 October 1995. The order is called "blocking assets and prohibiting transactions with significant narcotics traffickers." [previous nine words published in English] With powers dating back from the Cold War (Title 50 of the U.S. "War and National Defense" Code), this order forbids U.S. companies from having any type of relations with approximately 280 companies and individuals linked in one way or another to the Cali cartel.

The blockade is very specific and selective regarding these companies, but the U.S. Government is authorized to extend it to the last "consequences by invoking Titles 1601 (National Emergencies Act) [previous three words in English] and 1701 (International Emergency Economic Powers Act, IEEPA) [previous five words and acronym in English] of the U.S. Code. By describing "significant foreign drug traffickers quartered in Colombia" as the reasons for "violence, corruption, and unparalleled damage... in the United States and abroad," President Clinton declared a "national emergency to deal with the unusual and major threat coming from Colombia to U.S. national security, foreign policies, and the economy." In other words, drug trafficking coming from Colombia is a national threat against the United States.

Until now, Clinton's order had been very selective as it blockaded companies linked to the Cali cartel. However, Article 1702 of Title 50 of the U.S. Code states that "any transactions dealing with international exchange, transfer of credit payments among, by, through, and to any banking institution can be investigated, regulated, or forbidden to the extreme that such transfers or payments affect the interests of foreign or national countries. [sentence as published] The import or export of currency or securities can also be investigated, regulated, or forbidden."

In short, this means that, with the implementation of IEEPA, the U.S. Government could forbid U.S. companies from having trade relations with those Colombian companies that have ties with the SDNT's. In other words, banks, insurance companies, exporters, and importers who make commercial transactions with the 284 people or firms included in the attached list are running the risk of facing a blockade on their businesses with American companies. Those companies that "supply materials or financial or communication services and sell goods or services" to those included in the black list could also be subjected to a blockade of their properties and interests in the United States.

The U.S. Treasury Department official was very clear during an interview with DINERO: "Things are very simple. Colombians have to choose between conducting businesses with the 284 SDNT's or with American companies. It is a matter of choosing between them or us."

The U.S. Government has announced — even President Clinton said it in a speech he delivered to the UN Assembly in 1995 — that it hopes that the other countries will cooperate and take similar measures. In other words, it expects that Colombian suppliers and financial servers, in practice, also blockade the companies included on the list. With this measure, the U.S. Government is forcing Colombian companies to do this.

In practice, this blockade means that, if a Colombian bank or insurance company renders services to one of these companies, it will be unable to have access to commercial transactions with American companies, including electronic wires, mail, reinsurance, letters of credit, and so on.

U.S. authorities have started with the financial sector and are carefully investigating the activities of Colombian bankers, who will be the first ones to be punished. This is obvious given the need any business has to access banking services. They will continue with the insurance sector, the transportation sector, and the communications and services sectors. In order to protect themselves, U.S. banks have installed software that identifies those individuals who are being blockaded and automatically freezes their transactions.

For American citizens, negotiating with one of these 284 companies or individuals means fines ranging from $250,000 to $500,000 and prison sentences of up to 10 years. For foreigners, it means that they will be unable to have commercial relations with American companies or individuals and that their assets in the United States will be frozen. In other words, they would be automatically included in the same category as the 284 SDNT's.

The U.S. Government is not acting based on rumors; it is carefully conducting an intelligence investigation on each individual and company included in the 284 SDNT list and their suppliers. Once a supplier is blockaded, very little may be done.

For more information on this order and the individuals or companies included in this list, please consult via Internet the address www.ustreas.gov/treasury/services/fac/fac.html. An updated SDNT list permanently appears there. Likewise, the Treasury Department makes

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consultations via telephone at (202) 622-2520 or fax-on-demand [previous three words in English] (202) 622-0077, which automatically operates 24 hours a day.

Colombia: Businessmen Fear Consequences of U.S. Sanctions

PA0806012896 Santa Fe de Bogota EL ESPECTADOR in Spanish 4 Jun 96 pp 1B, 5B

[Report by editorial staff]

[FBIS Translated Text] The failure of the trial against Colombian President Ernesto Samper has already alarmed the country's bankers and businessmen.

The White House did not yesterday discard the idea of applying reprisals, although the U.S. Department of Commerce is making efforts to convince President Bill Clinton that it is inconvenient to impose economic sanctions against Colombia.

ANIF [National Association of Financial Institutions] President Javier Fernandez Riva said: "A decertification without sanctions would be ridiculous. The objective of this punishment is to quickly remove Samper from office."

Fernandez explained that commercial sanctions would make it necessary to immediately reformulate monetary and economic growth projections, given the fact that foreign exchange income cannot drop below $5 billion this year.

He warned: "Commercial reprisals would make it necessary to abandon the foreign exchange band."

According to Bankers Association (Asobancaria) President Cesar Gonzalez Munoz, these sanctions will probably be imposed, but it is unlikely that an entire package of sanctions will be applied immediately.

He pointed out that "it would be foolish to believe that this risk does not exist," adding that it is reasonable to take into consideration the possibility of this eventuality.

The spokesmen from Colombia's big industries agree that there exists a conflict of interest among political and economic authorities in the U.S. Government.

While the U.S. Department of State wants to impose sanctions, the U.S. Department of Commerce does not advocate this position.

Everything indicates, they added, that the arguments used by the U.S. Department of Commerce have been forceful. That explains why punishment has not been applied.

In addition, Asocolflores [Colombian Association of Flower Exporters] President Maria Isabel Patino discarded the possibility that the United States will immediately apply sanctions.

The Asocolflores president explained that this business association *lobbied* at the U.S. Department of State and spoke with Robert S. Gelbard, assistant secretary for international narcotics and law enforcement affairs. Gelbard has confirmed that the U.S. Government will apply no sanctions at all against Colombia for a case that is of a political nature.

Carlos Lleras de la Fuente, former Colombian ambassador to the United States, stated that U.S. authorities had never told him that they would apply any economic sanctions against Colombia.

Yesterday the White House made it clear that there is no official threat of applying sanctions against Colombia, although it warned that this country's decertification as an partner in the antinarcotics fight includes possible reprisals.

Mike McCurry, assistant to the President and press secretary, stressed: "I do not wish to speculate on matters that might be brought to President Clinton's attention. The United States has not officially threatened to apply sanctions against the Colombian Government, but the antinarcotics certification process itself includes possible sanctions."

Last weekend *THE WASHINGTON POST* published reports indicating that the Clinton administration is preparing to apply economic sanctions and to cancel U.S. visas to approximately 30 Colombian officials and leaders if the Chamber of Representatives acquits President Samper.

Samper is facing a series of charges for allowing drug money into his electoral campaign.

McCurry added: "We have left open the possibility of taking sanctions into consideration at any moment. However, at present there is nothing pending that constitutes an official threat of applying sanctions."

At the U.S. Department of State, spokesman Glyn Davies [name as published] said he had no announcements to make, but indicated that the U.S. Government "will continue taking actions that we believe will benefit our interests."

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Colombia: 'Pan-American Disunion' Over Cuba Viewed

PA0806030096 Santa Fe de Bogota EL ESPECTADOR in Spanish 4 Jun 96

[Editorial: "Pan-American Disunion"]

[FBIS Translated Text] A new summit of Latin American countries, convened by the OAS, once again brings the issue of hemispheric unity under discussion. It is necessary to point this out because one of the points on the agenda of the organization is the Summit of the Americas II, with expectations somewhere between continental optimism and skepticism. There is no assurance that an appropriate atmosphere exists for integration under similar conditions, as in the European Community.

The famous Cuban Liberty and Democratic Solidarity Act, commonly known as the Helms-Burton law, is currently an obstacle to the necessary Inter-American reconciliation, the basis of a definitive strategy for integration. It is a provision that, given its intention to further tighten the blockade and, if possible, overthrow the regime of Castro in Cuba, prompts and generates adverse reactions in Latin America. Its effect will be even more serious, because the United States views the Cuban situation, once more, together with drug trafficking and the WTO, as a campaign issue for the coming elections.

Last week the Clinton administration notified companies from three countries — a Mexican, an Italian, and a Canadian firm — about the imposition of possible sanctions due to their commercial ties with Cuba. Eyes are now focused on Colombia, because some companies that took advantage of the Cuban opening would be the object of similar treatment, a thing that, under the circumstances surrounding bilateral relations with the United States, would not disturb the U.S. Administration or Congress.

A law that establishes components such as extraterritoriality — in abusive terms — and which according to reports tormented Mr. Clinton, who sanctioned it reluctantly, is on the verge of causing a hemispheric crisis in case the nations favored by bilateral provisions do not see to it that their rights are respected in international courts. In other words, those who are adversely affected or undermined by the Helms-Burton law.

We will soon see the cancellation of a number of visas to executives who, by virtue of their job, work with Cuba. A discretional action, true, but one that may become an instrument of political blackmail each time the United States thinks or considers that the entire world wishes to do something that adversely affects its interests. With respect to Cuba, the diplomatic errors made by U.S. administrations, both Democrat and Republican, prompted Castro to distance himself and seriously antagonize them.

The OAS may reduce the tension if it makes decisions to enforce respect for treaties and agreements that may not be violated by the internal legislation of any country. In addition, this has been an old thesis of the United States. It recently brought up the need to resurrect treaties, such as the extradition treaty with Colombia, which only requires formal amendments, according to the U.S. secretary of state, to become valid. Certainly, since this is convenient for them, they have no problem in sustaining a contradictory argument.

Power, excessive power, allows all this, especially if those that may be affected prefer to avoid problems for fear of being hit, even unjustly.

Nevertheless, the efforts that are being carried out to support integration should be pointed out, in spite of the stubborness of the powerful, which spares no opportunity to hurt its allies if they, by virtue of their interests, defend their commercial relations with a small but resistant and dignified nation.

Colombia: Commentary Views 'Radical' Change in U.S. Policy

PA1006044496 Santa Fe de Bogota EL TIEMPO in Spanish 9 Jun 96

[Unattributed commentary: "In View of the U.S. Punch" — received via Internet]

[FBIS Translated Text] Even if it hurts us, the United States has told us many truths.

Many people are still unable to understand the radical change in the attitude of the United States in regard to a country whose people, not many years ago, were deemed heroic and admirable for the sacrifices they made in the struggle against drug trafficking. We were given important economic privileges and we were, in spite of how rotten we were, a valid authority for issues such as drugs. Today we are on the verge of losing those prerogatives in U.S. markets and, instead of working with us, they impose on us their view on the war against drug traffickers.

We must not be surprised about the characteristics of today's relations with the United States, which each day become more deteriorated. The mysterious meetings of Assistant Secretary Gelbard with Samper already predicted what will happen. And Joe Toft, the highest DEA official in Colombia, in late 1994 rang the bell and called us a "narcodemocracy." The presage of turbulent relations was more than evident and Samper did not

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know how — or did not want — to understand the signals that the White House sent so forcefully.

We did not heed the warnings made by the United States in regard to the strange events that were taking place during the campaign, calling them outright foreign intervention. Sadly enough, these warnings have come true. Mr. Toft fell short when he made a crude description of our social and political reality. Although Gelbard may have a disagreeable way of saying things, much of what he said was true. And even if he did not say it, our century-end tragedy should be on the agenda for discussion by Colombians, who demand a better country for our children.

I believe that in spite of the rifts and differences over the current crisis, there is an undeniable consensus. Colombians now have sufficient proof of the high level of infiltration of drug traffickers into the high power circles. They co-legislate; accomidate justice and change codes, laws, and judicial investigations according to their convenience. The list of "illustrious" persons arrested is a long one. Drug traffickers protect themselves from authorities but they still run the drug markets freely, and some of them are still free. (Why hasn't Pacho Herrera fallen?) They are partly responsible for the current economic slowdown. Not one Colombian is unaware, even if it hurts us, that Toft and Gelbard were right, although they may be wrong in the ways to get the country out of this deep hole of corruption and immorality that it is in.

And although it is naive and too simplistic to think that the departure of Samper will magically solve the crisis, his impassive decision to remain in office would complicate the crisis and would lead to unthinkable scenarios. Internal consequences would be unpredictable, although we know what will be the international consequences, especially with the gringos. The anti-Yankee populist stance would further complicate the situation. Even recalcitrant leftists agree on this, namely the former U.S. enemies who finally understood that, more than the gringos or capitalism, the true enemy of democracy was corruption.

We will have to prepare ourselves for the fact that Uncle Sam will tighten the screws on us, which may be devastating for our fragile economy. No matter how hateful the pejorative and depreciatory way in which that government treats us may be, its officials have told us many truths. We hurt when they pour salt on the wounds that excessive tolerance and softness on drug trafficking and their white-collar agents opened in Colombian society.

What is coming will be painful. I do not lose hope that, in spite of how hard it may hurt, we have become aware of how rotten and sick this country is, and will be able to devise serious recovery plans, no matter how traumatic they may be. Let us stop crying and begin acting.

And do we have leaders for this time of critical definitions? Will the gringos have to do all the work?

Colombia: International Money-Laundering Scheme Dismantled

PA0806003896 Santa Fe de Bogota EL TIEMPO in Spanish 6 Jun 96

[Received via Internet]

[FBIS Translated Text] Santa Fe de Bogota and Miami — A mail delivery business operating from a house in Santa Fe de Bogota turned out be a clandestine bank that, in association with the vice president of the U.S. Atlantic Bank, has laundered millions of dollars for the mafia.

According to the police, the DEA in Miami arrested 50-year-old Piedad Alexandra Ortiz, vice president of international operations at the Atlantic Bank; Ortiz's assistant, 49-year-old Lucia Ramirez; and 40-year-old Juan Pineiros, a client of the bank.

Alejandra Ortiz's arrest was carried out following a Colombian police raid in Santa Fe de Bogota.

The raid in the Colombian capital took place during "Operation Diamond," carried out simultaneously yesterday in Colombia, the United States, Spain, and Switzerland, aimed at dismantling an international network of money-launderers.

In Colombia, the police conducted an extensive operation in Santa Fe de Bogota, Cali, Medellin, Armenia, Pereira, and Tulua. Twenty companies, nine offices, four apartments, three houses, and two exchange houses were raided; 123 bank accounts were frozen, and six persons were arrested for alleged involvement in money-laundering activities.

According to the police, the persons arrested were: Brigitte Kaplan, Luis Guillermo Yibirin, Harry Beda, Augusto Peinado, Maria de las Mercedes Gomez, and Alberto Montoya.

Police Deputy Director General Luis Enrique Montenegro said the hardest blow was struck in Santa Fe de Bogota, on 43d Tranversal with 95th Street, where members of the Search Bloc raided the Segocor mailing company and confirmed that it was a "front" company.

According to one of the officers who took part in the operations, the company has been under surveillance for a number of months.

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"We confirmed that they were not providing mail delivery services there. What did operate there was kind of a clandestine bank subsidiary that opened bank accounts in Colombia and sent money to the United States. The money was received in the United States by Mrs. Ortiz, who laundered it through a network she maintained outside of the Atlantic Bank," the officer said.

"We not only found seals and documents that allow us to establish the banking activities; we also captured a client that came to open a clandestine account," the officer said.

Police Director General Rosso Jose Serrano, who directed operations with General Montenegro, said that based on the results of "Operation Diamond," new actions will be taken against money-laundering networks.

To do that, the police of the different countries that participated in the operation will exchange information obtained in yesterday's raids.

The investigation was begun by the new owners of the Atlantic Bank who found it strange that their office in Santa Fe de Bogota moved $5 million per month. In June, 1995, the new owners asked for an audit, which revealed that the international division was moving between $18 to $25 million per month.

Ortiz and Ramirez had previously worked for Megabank, an institution that was purchased by the Atlantic Bank in February 1995. It is reported that the two officials were already engaged in money-laundering activities, which they continued at the Atlantic Bank.

Investigator David White said under oath that the Colombian police had strong indications that Ortiz had been facilitating operations to a money-laundering organization since 1992.

In addition, the Colombian police found correspondence and faxes between Ortiz and Ramirez regarding their activities.

The police have not yet described the case as money-laundering or given the case a name.

Colombia: Police Increase Security Around Magistrate

PA0806131796 Santa Fe de Bogota EL TIEMPO in Spanish 7 Jun 96

[Received via Internet]

[FBIS Translated Text] As a result of the attack on the car in which magistrate Juan de Dios Montes was riding, Police Director General Rosso Jose Serrano Cadena yesterday issued an order to provide the judge with permanent protection.

According to Gen. Serrano, minutes after the police were made aware of the terrorist attack, he contacted the Council of State magistrate to evaluate his security situation.

"It was established that the magistrate did not have an assigned escort and that this made him an easy target for criminals. I immediately ordered several professionals to provide Montes with better security, but for obvious reasons I cannot specify the number of people assigned for this task," Serrano said.

The general also announced that his office is willing to entertain requests for increased security from the members of the Council of State.

In addition, Metropolitan Police spokesmen confirmed an increase in the number of patrols near the Council of State installations.

"We have decided to step up patrols and increase intelligence personnel to counter possible attacks," the official said.

Colombia: Defense Minister Says Mistakes by Military Found

PA0906132896 Santa Fe de Bogota EL TIEMPO in Spanish 6 Jun 96

[Received via Internet]

[FBIS Translated Text] While the Army commander asked the prosecutor general to define responsibilities for the impunity prevailing in proceedings against rebels, the defense minister said that he found mistakes in the evidence the Armed Forces handled.

The differences between the military high command and current Defense Minister Juan Carlos Esguerra Portocarrero were again made evident yesterday as a result of the controversy on the effectiveness of justice in the investigation and prosecution of alleged guerrillas.

Esguerra made remarks about the letters he sent on 4 June to Army Commander General Harold Bedoya and Prosecutor General Alfonso Valdivieso to find out the reasons that made justice release 11 liaisons of Major (Luis Mario del Vasto), who was prosecuted for charges of espionage and other crimes stemming from his relations with the Rodriguez Orejuela brothers.

Bedoya also questioned the release of 5,500 alleged guerrillas and asked the prosecutor general to conduct the corresponding investigations.

Yesterday, in referring to the issue, Minister Esguerra took a position that was significantly distant from the

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one Bedoya requested in his letters to the prosecutor general. Esguerra said that there are mistakes in the captures by the Armed Forces and added that the evidence the officers submit to justice does not allow effective proceedings.

"There are failures in the proceedings and the captures," the defense minister went on. "I admit that enough evidence is not submitted and that we are responsible for some of these failures," the minister affirmed after the 5 June ceremony in which the U.S. Government gave six helicopters to the police for its fight against drugs.

The difference in the opinions of the high command and the defense minister, who is a lawyer par excellence, takes place at times when there are growing rumors saying that Bedoya had reportedly being considered to head the Defense Ministry. In fact, even in circles at the Office of the Prosecutor General, the Bedoya's letters are interpreted within that scenario because of some of the terms used in the letter.

According to Bedoya, the release of such a high number of suspects was a "judicial catastrophe" that makes the Army's work appear futile given the large number of people who were captured and those who were exonerated.

Yesterday, responding to Bedoya's questions, Office of the Prosecutor General spokesmen noted that it was Cali's 12th Penal Municipal judge, not their office, who ordered the release of the 11 persons indicted for their alleged ties with Mayor Del Basto [as published] and added that their institution has launched an investigation of the judge.

Other sources at the Office of the Prosecutor General affirmed that the main stumbling block they run up against is that on occasion, the soldiers only provide the alias of the alleged defendant, something that prevents their full identification.

"The police representatives believe that military intelligence reports are sufficient to begin proceedings. That is a mistake, since those documents are only good to investigate," a spokesman for the Office of the Prosecutor General said.

At any rate, beyond the arguments from one side or the other — Prosecutor General Valdivieso has said that he would not get into a controversy over the topic — the fact remains that this new episode once again shows the gulf between the top commanders and Esguerra, and the fact that this is not an isolate episode.

Last February, the entire top command of the Armed Forces met directly with the president to present their differences with Esguerra.

Days later came the hasty resignation of then Military Forces Commander General Camilo Zuniga Chaparro, and calm seemed to have returned. It remains to be seen if it is real.

Ecuador

Ecuador: FM on OAS, Meeting With Peruvian Counterpart

PY0806025396 Quito Voz de Los Andes in Spanish 2300 GMT 7 Jun 96

[FBIS Translated Text] Foreign Minister Galo Leoro, who attended the OAS meeting in Panama, acknowledged today his concern over the development of activities of the MOMEP [Ecuador-Peru Military Observers Mission].

[Begin Leoro recording] When the defense minister talked about the establishment of new procedures for the MOMEP, he said that this issue is now in the diplomatic field. But I would like to make something clear, and I want this well understood: This issue is now in the diplomatic field, but in the field of the guarantor countries of the Rio de Janeiro Protocol. The Ecuadoran Foreign Ministry has been making an effort before the MOMEP to make this military mission reach a definition on all the aspects mentioned by the defense minister. The Foreign Ministry has been discussing this issue with the guarantor countries here in Ecuador and in the capitals of the guarantor countries. This is why I believe it is necessary to make this issue clear; otherwise, it would look as though the Foreign Ministry alone is participating in an area that is very important for national security. And I am saying this because from what I read in the press, this issue could be misinterpreted. The Foreign Ministry is fulfilling its mission. It also hopes that the definition of the work to be carried out by the MOMEP will be made as soon as possible, also taking into account some of the proposals made by Peru. On this basis, the MOMEP can express its position on the proposals made by Ecuador, and also give information on the total troop demobilization process based on the agreement signed by Ecuador and Peru in Quito on 23 Feburary of this year. The definition issue creates concern because it is the basis of the general process of demilitarization, it is part of the element of mutual confidence that must prevail. [end recording]

Galo Leoro also said that the upcoming meeting with his Peruvian counterpart Francisco Tudela does not guarantee any solutions. Leoro added that the upcoming meeting with Tudela does not have elements that would contribute to the best possible environment between the

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two countries. The meeting is scheduled for 18 and 19 June in Buenos Aires, Argentina.

[Begin Leoro recording] As you know, I will meet with Peruvian Foreign Minister Tudela in a few days to continue the talks on establishing the procedures that will be used in the future for discussing the essential issues of the conflict. And the elements involved are not those that would contribute to maintaining the best possible environment. I will say, however, that when I attend the meeting, I will search for areas where thoughts can converge [words indistinct]. As I said, Ecuador is willing to go on with the talks. During the talks in Buenos Aires, we must find the adequate methods for solving the problems of the Ecuadoran-Peruvian conflict that were not directly resolved by the parties. This is where a method for the procedures must be discussed. In this regard, the Peruvian position about what they think has been anticipated too often. I do not believe this is how we should act. We have our own point of view, and we will clearly and categorically convey it during the talks. Anticipating positions does not help; it tends to harden positions, and this is why I don't want to say here what our position will be with regard to Peru, which has been disclosing it all over. I believe this process demands patience; time; reflection; and, in particular, consideration of the mutual need to have a lasting, dignified, and definitive peace. I believe the people want us to find a method that would lead to a solution. This will be my mission when attending the 18 and 19 June meetings. We studied this issue here; we did a lot of work, we studied it, and we continue to study it. As you know, the Foreign Ministry appointed three ambassadors to cooperate with the specific study of the issues related to the Ecuadoran-Peruvian territorial conflict, and they conveyed to us their will to fully cooperate on all the matters related to this conflict. [end recording]

Ecuador: Colombian 'Gunmen' To Be Investigated

PY0806034096 Quito Voz de Los Andes in Spanish 2300 GMT 7 Jun 96

[FBIS Translated Text] Ecuadoran Government Minister Xavier Ledesma today ordered an investigation into the alleged presence of Colombian gunmen to assassinate presidential candidate Abdala Bucaram, based on charges made by Bucaram.

According to a communique of the National Communications Secretariat (Senacom), Minister Ledesma said: "My obligation is to investigate all the accusations made by the presidential candidates, but this does not mean that there are gunmen here."

Ledesma said that he has informed National Police Chief Marco Hinojosa of the charges made by Bucaram, and that the two presidential candidates have police protection.

Bucaram said this week that he runs the risk of being assassinated by a gang of Colombian gunmen who were reportedly hired by the Ecuadoran oligarchy.

Paraguay

Paraguay: Wasmosy Challenges Oviedo's Allegations

PY0806012596 Asuncion NOTICIAS in Spanish 7 Jun 96 p 4

[FBIS Translated Text] President Juan Carlos Wasmosy has stated that, within a few days, he will respond to allegations leveled against him by General Lino Cesar Oviedo, retired, during his deposition before the Congressional Investigating Committee (CBI).

On 6 June, Miguel Angel Ramirez, the president's private and political affairs secretary, read an official communique stating that the head of state "will deliver a serious and responsible speech to tell the truth about what happened."

The communique read by Ramirez "flatly denies that the community of nations and the Paraguayan people hallucinated during those days in April."

The president states in his communique: "It is preposterous to believe the entire Paraguayan people, congressmen, leading politicians, union leaders, Armed Forces members, the ambassadors accredited to the Republic of Paraguay, or the presidents and foreign ministers of Argentina, Brazil, and Uruguay who came to show solidarity with us, suffered delusions."

The communique adds: "It is totally absurd to think that [U.S.] President [Bill] Clinton and OAS Secretary General Cesar Gaviria were also struck by the same hallucinatory experience."

Wasmosy reminded "the public that an inquest is being conducted by the courts to investigate the events that took place on 22-25 April. Moreover, by express order of the Armed Forces commander in chief, a pre-trial inquest is being conducted by the Military Court."

The communique explains: "This has given rise to a controversy over jurisdiction which must be settled by the highest court of the Republic, namely the Supreme Court, whose ruling will be painstakingly obeyed, as behooves a country in which the rule of law prevails, and as was stated in the communique issued on 22 May."

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Paraguay: Sectors React to Oviedo's Deposition
PY0806040796

[FBIS Report] Asuncion ULTIMA HORA in Spanish carries, in its 6 June edition, several reports on reaction by various sectors and individuals to the deposition by former Army Commander General Lino Cesar Oviedo, retired, before the Congressional Investigating Committee, CBI, on 5 June.

A 250-word unattributed article published on page 3, under the heading "Deposition Taken With a Pinch of Salt," reports on the comments made by CBI Chairman Blas Llano, from the Authentic Radical Liberal Party, PLRA, and National Encounter Alliance Deputy Luis Mauro on Oviedo's testimony. Llano is of the opinion that it is very difficult to deduce from Oviedo's remarks that there was indeed an insurrection from 22 to 25 April because the former Army commander says the contrary. Still, the CBI chairman said that, basing oneself on events that are now public property and the contradictions between what Oviedo said and what the inquest reveals, it is possible to infer that there was indeed a coup attempt on the aforementioned dates. Mauro called upon President Juan Carlos Wasmosy to appear before the CBI to refute Oviedo's allegations.

There appears, on the same page, a 250-word unattributed article entitled "Casabianca Continues Making Clarifications," which quotes Congress President Milciades Rafael Casabianca's remarks following Oviedo's account of the events during the political crisis in which Paraguay was steeped in April. Casabianca challenged Oviedo's claim that the Congress president had handed to him Wasmosy's request for a temporary leave and that Casabianca was fully aware of the content of this missive sent to Oviedo. According to Casabianca, he knew nothing about the content of the missive. Furthermore, the Congress president asserted that the allegations made by the former Army commander to the effect that the head of state had to buy some senators off to in order to have Colonel Cirilo Velazquez promoted to the rank of general "are most serious and must be supported by irrefutable proof; otherwise, they are not valid and can be considered as mere rumors."

The same edition carries, also on page 3, under the heading "Paraguay Under a Kleptocracy," a 300-word unattributed article in which National Encounter Alliance Deputy Marcelo Duarte termed Oviedo's allegations most serious. In the view of this deputy, if only 10 percent of all Oviedo's allegations are true, "we would be confronted with a new political system; namely, a kleptocracy." During a session of the Chamber of Deputies, Duarte contended that the chief executive must officially respond to the corruption charges leveled by the former Army commander as soon as possible in order to avoid impeachment. Duarte said: "If the president is unable to refute these charges — which must be thoroughly investigated — the seriousness, the connection, and the logic of the events lead one to seriously consider the possibility of impeaching the head of state." The article says that PLRA Deputy Hermes Saguier asserted that "while Oviedo must consult a shrink, it is also true that Wasmosy needs a straitjacket."

The same edition of ULTIMA HORA publishes, also on page 3, a 150-word unattributed article citing Brazilian Ambassador to Paraguay Marcio D'Oliveira Dias, noting the envoy asserts that "Oviedo's testimony would be a comedy; we would all be crazy and the retired general would be the only sane person" in this country. Moreover, the Brazilian diplomat argued that Oviedo's allegations that he, the envoy, had a vested interest in the construction of a new bridge spanning the Parana River are groundless and "wholly incorrect."

Paraguay: Internet Connection Expected in Late Jul
PY0706230196 Asuncion NOTICIAS in Spanish 6 Jun 96 p 25

[FBIS Translated Text] Paraguay will be connected to the world informatics network of Internet in the second half of July, Bepsa [Paraguayan Electronic Bank Inc.], the first company to offer the service in our country, announced yesterday.

For the past few months the firm has been connected to the local interactive network Uninet [expansion unknown] for the purchase and sale of vehicles, real estate businesses, tourism, "weekend" guide, Internet's E-Mail (international electronic mail) and a virtual electronic shop called Unishop, which is the electronic version of the "The Four Seasons" sales catalogue.

The company only need to obtain the wide-band satellite signal for the country to be connected to the world in real time, via Internet, through Bepsa's network.

The company will use Antelco's [National Telecommunications Administration] network computer connections.

Bepsa, through its Editorial, and SIP (Paraguayan Informatic Systems) formed a "joint venture" to acquire the necessary technology so that Paraguay too can be connected to the WWW cyberspace (Worldwide Web).

The technical means and the satellite connection made by Bepsa-SIP, as well as Conatel's [National Telecommunications Council] regulations, will be ready by the

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second half of July. The announcement was made during a presentation of the local network to the press yesterday.

Paraguay: Port Authority Head Goes to Prison

PY0706165696 Asuncion ULTIMA HORA in Spanish 6 Jun 96 pp 14, 15

[FBIS Translated Excerpt] After evading the police for some time, indicted port authority head Eugenio Sanabria Cantero surrendered at the Tacumbu prison at 1830 on 5 June, according to the entry book. Penitentiary sources said, however, that the port authority, who is being charged with designing a scheme involving millions of dollars in overbilling to the state, allegedly entered the prison in a black car with darkened windows only after 0500 today.

Eugenio Sanabria's voluntary surrender fulfills a resolution issued by Judge Bogarin. The judge ordered his preventive detention, in free communication, and at the disposal of the court. The port authority is being accused of embezzlement, swindling, and ideological falsification. He is the second individuals who will follow the case from jail. Public Notary Julio A. Zavala was the first person involved in the case whose arrest was ordered by Judge Bogarin.

The two are accused of having disbursed 16 billion guaranies to purchase a lot of land that is valued at 2 billion. The property is located in Presidente Franco, at the base of the second international bridge to Brazil, and in the area where a second port terminal will be built. [passage omitted]

Peru

Peru: Protest Over Missing Peruvian Lodged With OAS

PY0706232896 Lima GESTION in Spanish 6 Jun 96 pp 8-9

[FBIS Translated Excerpt] The Foreign Ministry "has instructed" Ambassador Beatriz Ramacciotti, Peruvian representative before the OAS, to report the disappearance of a Peruvian citizen who was arrested by Ecuadoran military forces.

The protest will be lodged with the OAS Inter-American Human Rights Commission, in Washington. Once the mentioned commission has investigated the case it will submit the protest to the San Jose de Costa Rica Court, which will sanction Ecuador should it find it responsible for the disappearance of Peruvian citizens.

Moreover, GESTION learned that The Foreign Ministry's General Directorate for Consular Affairs, headed by Eduardo Llosa Larrabure, has instructed the Peruvian consulate in Ecuador to update them on cases of Peruvian individuals missing or under arrest in Ecuador.

The consular offices are busy reviewing each case and will update the information.

It is hoped the General Directorate for Consular Affairs will have the results of this process within 10 days.

The Peruvian Foreign Ministry and Armed Forces joint command said Ecuador "lacks the will to remove the more than 6,000 mines that it planted on the border zone with Peru. [passage omitted]

Francisco de Albuquerque, former MOMEP [Ecuador-Peru Military Observers Mission] coordinator general, after being decorated by the Ecuadoran defense minister, yesterday asserted that he ends his mission convinced that peace between the two nations is very near.

During a ceremony at the Ecuadoran Defense Ministry, the Brazilian general was awarded the Armed Forces Star, at its highest grade, Grand Cross of Military Merit.

Albuquerque said: "At the end of my mission, I return to my country fully convinced that — despite steps that remain to be taken — the much desired peace has never been nearer, because for both Ecuadorans and Peruvians it has become a national objective they wish to attain. [passage omitted]

Peru: Paris Club Debt To Be Refinanced Over 20 Years

PY0706152596 Lima EL COMERCIO in Spanish 6 Jun 96 p E8

[FBIS Translated Text] Economy Minister Jorge Camet has expressed his desire to refinance the debt to the Paris Club (industrialized creditor countries) over a 20-year period so as to avoid new negotiations of the obligations with that group of nations.

Camet said that the debt to those countries amounts to $9 billion and that the team of negotiators will have to meet with those creditors very soon.

During the current administration, this would be the third time that an Economy Ministry team and representatives of the Paris Club will sit at the negotiating table.

Speaking to the Congress Economic Commission, Camet also revealed that those interested in paying the debt to Russia have tried to "bribe" him. The principal of that debt (amount without interest) is approximately $118 million.

The economy minister said that there were so many people interested in the payment of the principal of that

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debt that he had to forbid his officials from talking with anyone trying to discuss the issue. He added that at one point he even had to explain his position to Russian representatives.

The minister referred to the different creditors of the country and reported that the overall foreign debt amounts to $23.340 billion.

Concerning debts to creditor banks and suppliers (foreign manufacturers of goods), he said that it is not possible to establish the exact amount of the debt to both groups.

He said that to do this each one of these bank and business groups must choose their options from all the alternatives offered by the Brady Plan, which would come into effect in August.

Camet added that his ministry has estimated its obligations to the banks and suppliers at $10.5 billion because the principal supposedly amounts to $4.4 billion and the interest to $6.160 billion, which correspond to 140 percent of the base amount.

He said that although this debt has not been paid since the beginning of 1984, it was agreed that interest on interest be capitalized only once.

Nevertheless, he estimated that during the first five years Peru will pay $300 million to the banks; between the fifth and the 10th years he said that it would increase to $550 million; between the 10th and the 20th year it would again increase to $600 million, and if necessary, it would pay only $100 million during the last 10 years.

The minister went on to say that had no agreement been reached on a Brady Plan to pay the debt to foreign banks, we would have had to pay approximately $1.2 billion annually to those creditors.

Camet said that $280 million was already reduced from that debt because they have accepted foreign debt titles as part of the payments by some state companies.

Minister Camet also categorically denied that the government had repurchased foreign debt titles as reported last year in New York financial circles. He said, instead, that the government will probably repurchase titles up to $1.2 billion through the auction that will reportedly be held with that objective.

He said that such operation as well as the initial payment of the Brady Plan — which amounts to some $1.5 billion — would be financed by the IMF, the Inter-American Development Bank, the World Bank ($900 million among these organizations); the Eximbank of Japan (between $100 to $200 million); and the Latin American Reserve Fund (between $200 and $300 million).

Camet also revealed that the J.P. Morgan company not only was contracted to establish the principal and the interest of the debt to the banks, but also to establish the conclusion which will take place when the banks choose the payments alternatives of the Brady Plan.

He added that the J.P. Morgan was the best of the three that applied to provide such services, and that it will be paid $1.2 million in three installments.

He said that this task has been given to a third party because Credito Publico does not have offices throughout the world as required to confirm the amounts of the debts with the different creditors.

Nevertheless, he said that Economy Ministry officials will be at the J.P. Morgan offices to closely follow the work, and vice-versa.

Peru: Japanese Red Army Suspect Denies Accusations

PY0706115296 Lima EL COMERCIO in Spanish 6 Jun 96 p A1

[FBIS Translated Text] Peruvian National Police [PNP] General Carlos Dominguez Solis stated yesterday that Kazue Yoshimura (49), the much-sought member of the Japanese Red Army, who was expelled last night from Peru, had not had any contact with Shining Path during her stay in the country.

Guarded by two Japanese policemen, she left Peru at 2130 aboard an AeroPeru [Peruvian State Airlines] chartered flight the itinerary of which was Lima-Aruba-Amsterdam-Tokyo.

In a news conference held at the central police headquarters on Espana Avenue, Gen. Dominguez Solis said that "she reportedly arrived in Peru as a refugee, although she flatly refused to talk about her presence in our country."

National Police General Guillermo Bobbio Zevallos, chief of the PNP State Security Board, said that the Japanese terrorist had violated Peruvian laws by carrying forged personal identification documents, and for this reason she was expelled from the country.

Kazue Yoshimura, who was wearing glasses and looking weary, and at times with fixed but calm eyes, was introduced to the press for six minutes.

At one point in the news conference, she was able to talk with one of the approximately 12 Japanese reporters present, to whom she denied being the wanted Japanese Red Army terrorist. She said she did not commit any crime.

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One of the Japanese reporters said that Yoshimura was not the aggressive and violent terrorist they expected to see. Another Japanese reporter said: "She seemed tired and her appearance was that of a much older person than her actual age."

Venezuela

Venezuela: Energy Minister Denies Violation of OPEC Quotas

PA0906134296 Madrid EFE in Spanish 1552 GMT 5 Jun 96

[FBIS Translated Text] Vienna, 5 Jun (EFE) — Today, Venezuelan Energy and Mines Minister Erwin Jose Arrieta denied that his country has violated the crude production quota set by OPEC.

In a statement to EFE, during the inauguration of the ministerial conference held in this capital, Arrieta explained that "speculators and secondary sources" are the ones accusing Venezuela of exceeding its petroleum production quota within the OPEC framework.

"The speculators want to have a volatile market in which to conduct their business," said the Venezuelan minister and added that "one of the points that OPEC should consider is to incorporate the leading (petroleum) producers that did not exist when OPEC was founded."

Thus, the minister argued, the place of the speculators would be taken by those producers, making a clear reference to those countries that place petroleum in the market, but are not OPEC members.

OPEC has assigned Venezuela a production quota of 2,359,000 barrels a day, but various sources have indicated that the country actually places more barrels in the international market and that it is more responsible than other members for the excess production suffered by the organization.

A publication linked to Saudi interests and distributed at the headquarters of the OPEC Secretariat in Vienna indicated that "currently, needs have precedence over collective solidarity" in the case of Venezuela.

The same publication revealed that if it were not for the self- control in their respective productions exercised by the leading oil-producing countries of the Persian Gulf — Saudi Arabia, Kuwait, and the United Arab Emirates — the pressure on Venezuela would be greater.

Concerning another one of the key topics discussed in the Vienna meeting — Iraq's partial return to the international crude market — Minister Arrieta told EFE that he is pleased, because "this circumstance brings the market into its proper perspective."

Arrieta remarked: "Rather than losing any sleep over Iraq's position in the market, we should be worried about OPEC's reinstatement in the market after having neglected a number of key elements, which go beyond the simple and dull discussion of quotas."

The Venezuelan minister added that "there are new slots, which were overlooked, and are being filled by others," in allusion to the large producers that are not OPEC members, including those of the North Sea, Mexico, and China.

The Venezuelan delegation has also come to Vienna to have the ministers study a proposal to modify the process to define the quota system, whose current format has been used by OPEC since September 1993.

Arrieta explained that there are up to three ways of calculating the quotas and noted that the moment has arrived to use a single formula "that would be shared by everyone."

The Venezuelan proposal consists in excluding from the quota system the domestic consumption of the countries, which would enable countries to increase their export volumes.

In Venezuela's case, the approval of this proposal would mean that it would be able to assign approximately 300,000 additional barrels a day for export. Last month, OPEC Secretary General Nigerian Rilwanu Lukman said in Caracas that the ministers might reach a decision in this regard during the Vienna meeting.

Venezuela: Army Says 3 Border Posts Activated in Amazonas

PA0906130296 Caracas EL UNIVERSAL in Spanish 7 Jun 96 p 1-17

[Report by Rodolfo J. Cardona M.]

[FBIS Translated Text] Caracas — The Venezuelan Army has activated the San Simon del Cocuy and San Carlos de Rio Negro Border Protection Bases in Amazonas State. In addition, it has built a military base in La Esmeralda, General Pedro Valencia Vivas, Army commander general, reported.

Valencia Vivas explained that, through the plan to strengthen Army presence along the border, the number of protection bases at the border has increased, particularly in Amazonas State. This was done to be able to control "a series of activities perpetrated by Colombian guerrillas in that area and to stop border crimes."

The Army commander general met with media representatives to explain everything pertaining to the activities

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that will be carried out to commemorate the 175th anniversary of the Battle of Carabobo and the Army Day.

Additionally, he described the accomplishments of the institution he commands during the second semester of 1995 and the first semester of 1996, particularly the establishment of a Pinzgauer [as published] tactical vehicles assembly plant.

"This contract, with an Austrian firm, will allow us to upgrade 422 of these vehicles and give greater mobility to the Army," the high-ranking officer asserted.

Valencia Vivas indicated that the first 15 Pinzgauers will be delivered by the middle of this month and they "will go to support border units and other units all across the country."

The major general declared that the upgrade of these vehicles represents a considerable savings for the Venezuelan State because buying it new would represent a big outlay, under the current situation the country is experiencing. Upgrading these vehicles allows us to save foreign exchange and train our labor in this system."

The total cost of the upgrading contract of a lot of 422 Pinzgauer, signed last year, is approximately 1.623 billion bolivares, estimated at a 87 bolivares to $1.

"In addition, we are working on other projects, such as the upgrade of the M-35 truck, which dates back to the Second World War; this will also give greater mobility to the Army," Valencia Vivas affirmed.

Army Captain Jorge Rizannte has reported that 200 of these troop transportation vehicles are expected to be upgraded, at a 5 to 7 million bolivares per unit cost.

In spite of the fact these vehicles were manufactured in the 1940's, their technological simplicity, strength, and quality of the materials in it, give them a prolonged useful life, expected to last 15 more years with this upgrade.

Rizannte concluded that the Venezuelan Army is also expected to purchase 400 M-35 trucks upgraded in the United States at a 20 to 30 million bolivares per unit price.

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